

Purchasing Week

McGraw-Hill's National Newspaper of Purchasing

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Vol. 2 No. 11

New York, N. Y., March 16, 1959

\$6 A YEAR U. S. \$25 A YEAR
AND CANADA FOREIGN



Labor Roundtable Attracts Washington Experts

Panelists Attack the Question: Do Wages Raise Prices?

New York—Wage increases frequently get the blame for price increases. But are there not other culprits lurking elsewhere in the wage-price spiral?

The answer is YES, according to close observers of wage-price economics who assembled in Sen. Estes Kefauver's Washington office for a PURCHASING WEEK roundtable discussion of 1959's most controversial economic question: Should wage increases necessarily provoke price increases?

Opposing factions on the labor-management-government panel managed to agree on one big point: Wages are not necessarily the motivating force for higher prices. The split came on what to do about it, and here are some of the answers.

- Pre-price notification or some other form of price control over the so-called "administered price industries."

- Replace "growth-retarding" federal government policies with a monetary-fiscal framework to better promote industrial growth.

- Tighter anti-trust, anti-merger, anti-industrial

conglomerate restrictions on the nation's business.

- Establishment of productivity as the basic yardstick formula on which wage-price changes should be determined.

Senator Kefauver, urging a 1959 steel settlement based on productivity—without a price increase, warned that unless labor and management cooperate to halt inflation, the alternative would be "government controls."

Kefauver and his committee staff director, Paul Rand Dixon, advocated stricter application of

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Purchasing Week
SPECIAL
REPORT

Polyisoprene Goes Into Production, Then Truck Tires

New York—United States Rubber Co. last week announced commercial production of truck tires made from polyisoprene rubber—virtually a duplicate of natural tree-grown rubber. The tires are available in the popular 7.50-20 size.

Shell Chemical Corp. makes the raw material—Shell isoprene rubber—at its Los Angeles installation. Close by is one of U.S. Rubber's four tire plants. The plant has been working with natural rubber but will now absorb Shell's present 5 tons a day

(Continued on page 30)

Rubber Pact May Have To Await Steel Outcome

Akron—Industrial purchasers wondering about the outcome of current labor negotiations in the rubber industry probably will have to wait until steel settles.

Rubber's four largest producers are in the midst of the first of two bargaining sessions they face with the United Rubber Workers in the next few months. In the current talks, the union is unfolding demands for various

(Continued on page 30)

Kefauver Resumes Inflation Attack, Warning Labor and Management

Washington Watching Crude Oil Pricing After Import Bans

Washington—The Administration intends to guard against unreasonable price increases on crude oil or petroleum products which might result from mandatory government restrictions on low cost imported oil.

President Eisenhower has ordered the director of the Office of Civil and Defense Mobilization, Leo A. Hoegh, to scrutinize future oil price rises to determine their validity.

If a price increase should be found indefensible by O.C.D.M., government officials say the Administration would relax the new compulsory limitations on the cheaper imports to drive the domestic price back down.

The last general price hike on crude oil and its principal product, gasoline, came early in 1958 and led to federal indictment of 29 oil companies on price-fixing charges. The case hasn't yet come to trial.

But domestic producers, who

(Continued on page 30)

Washington—Congress' most persistent critic of administered pricing resumed his anti-inflation attack last week with new warnings to labor as well as industrial management in coming wage negotiations.

Sen. Estes Kefauver (D., Tenn.) warned that both big labor and big business have reached their "last chance" to establish wage and price gains without government regulation.

Kefauver, who urged self-restraint and emphasized he is not

(Continued on page 29)

Seaway Rates Same As P.W. Printed in June

Washington—St. Lawrence Seaway tolls announced last week by the Canadian and U.S. governments are almost identical with those recommended last June in the joint report of the tolls committees for the two countries.

The basic toll structure remains as then proposed, with no change in the rates recommended at that time (P.W., June 23 p. 1).

To encourage two-way transit

(Continued on page 29)

U.S. Government Setting Procurement Schedules For Commercial Items

New Rates Important to Private Companies As They Set Minimum Prices for Industry

Washington—The federal government soon will issue new procurement and supply schedules for thousands of commonly used commercial items involving expenditures of billions of dollars annually.

The revisions will be of importance to P.A.'s in private industry and state and local governments. The prices set in government "catalogs" in a great many cases determine the minimum price at which the same items can be bought by non-federal purchasers.

The new price schedules are the result of a study begun ap

(Continued on page 29)

Northern P.A.'s Aid Florida Governor On Central Purchasing

Tallahassee, Fla.—Purchasing officials from five Northern states conferred with Gov. Leroy Collins last week on strengthening Florida's Central Purchasing Act.

Gov. Collins has made it plain he intends to plug many loopholes that have appeared in actual practice under the two-year-old legislation. He wants to have specific suggestions ready when the 1959 session of the state legislature convenes at Tallahassee, April 7.

It is to this end that he called

(Continued on page 30)

Congress to Start Inflation Probe

Washington—The Congressional Joint Economic Committee this week opens its much anticipated investigation of inflation and national economic growth.

Sen. Paul Douglas (D., Ill.) the committee chairman, terms the inquiry a major "study of the American economy at mid-century."

The investigation is billed as the major effort of the Democratic-controlled Congress to determine the causes and cures of inflation and establish national goals of economic development and expansion.

The question of whether promotion of economic growth demands priority over concern about inflation has developed into one of the major political issues confronting the Congress and the Eisenhower Administration. Even the Joint Economic Committee is split along political lines over the issue as was made clear last week when it submitted its assessment of the Presi

(Continued on page 29)

This Week's

Purchasing Perspective MARCH 16-22

The question has been asked whether the economy, led by a rambunctious steel industry, is acting like a prodigal son, living it up for the next few months only to suffer a letdown later.

The steel industry—sales chiefs, market analysts, and economists—are just about unanimous in plotting a steel production sag in the third quarter, strike or no strike. But once inventories return to more logical proportions (assuming there is no strike), final quarter output should step out again, and perhaps very briskly. Each of the three major postwar steel strikes has followed that general pattern.

But does the rest of the economy have to ride the same dipsy doodle? Those who are confident of a deliberate, steady improvement in general industrial production this year say most probably not.

Business has gained a momentum likely to keep it on the rise right through the year, even though excitement aroused by a steel strike threat may mean a faster pace this spring than later on.

What is happening is that steel producers along with chemicals and other suppliers are giving business a substantial push at a time when the economy is picking up steam generally. Thus

(Continued on page 29)

'59 Future Good for Chemicals and Products; Sales Up; Output Up; Prices Relatively Stable

Washington—Demand boosts from most all industrial segments of the economy are expected to hike 1959 chemical and allied product sales more than 5% over last year. Some buildup in chemical inventories, now down 4% from last February, plus new product development should help raise production 7-9% above last year. Prices, however, will remain relatively stable.

Factors which point to this expected increase in the purchases of chemicals and allied products include:

- General improvement in over-all industrial output through the remainder of the year.
- Increased government expenditures for the defense program, especially in those specialized fields relating to missile fuels.
- Continued introduction of new products, as well as increased demand for certain older chemicals.
- Increased highway and home construction, plus a boost in auto output over 1958.
- Upward exports due to improvement in the foreign currency exchange situation in certain areas and a growing interest in foreign markets.

Expect Chemicals to Hit 200

Based on these factors, P.W. economists expect total production of chemicals and allied products to near the 200 mark this year (1947-49 equals 100), a new yearly record. Output last year totaled 184, just about on a par with 1957 (see chart).

The absence of a chemical production decline during the 1958 recession is one example of the growth potentiality and diversity of this industry.

The chart above shows still another characteristic of an expanding economic area. Although production is 94% above the 1947-49 level, prices of chemicals and allied products have risen relatively little in the past decade.

Average chemical and allied product tags now stand at 110.2 of the 1947-49 average. Products and keen industry competition should help hold tags within 1% of the current average through the remainder of the year.

Imports to Hold Down Tags

Imports also will continue to have some effect in keeping the lid on domestic prices for certain chemicals. Actually, foreign trade always has been an important part of the chemical industry, with such items as plastics being exported in quantity.

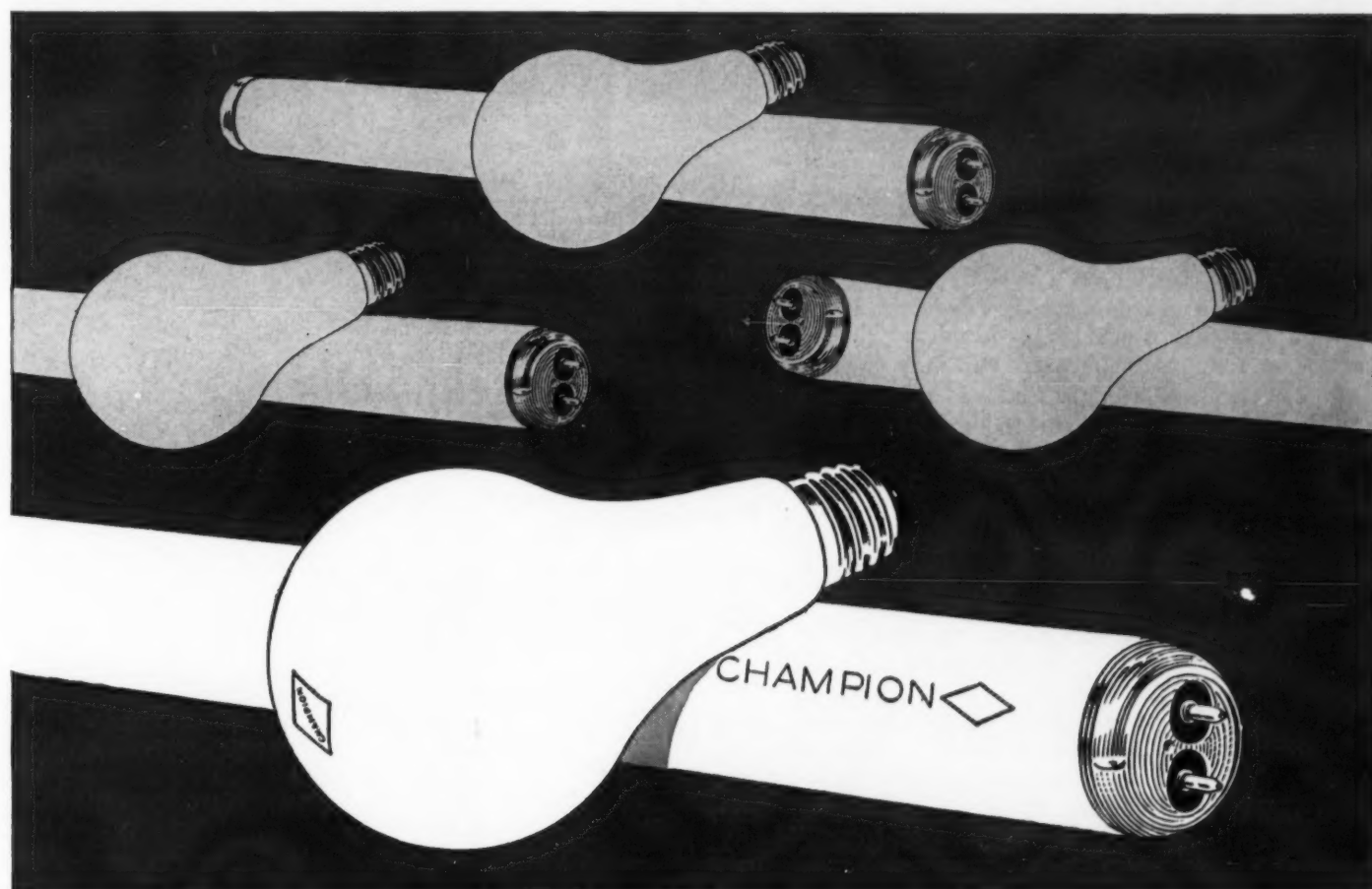
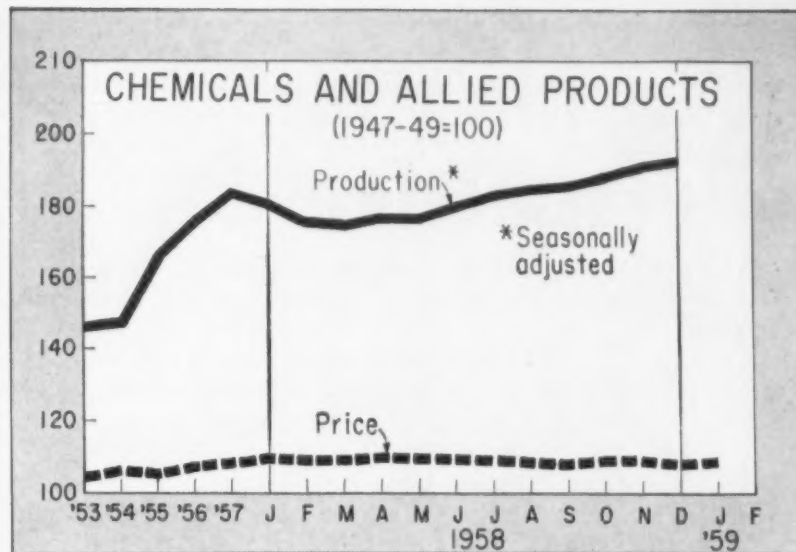
Although imports of chemicals have never been as large as exports, they have been increasing in value in recent years. Total imports of chemicals and chemical products amounted to about \$300 million in 1958, a figure which will be reached again this year.

Certain items, such as chrome ores and fluorspar are imported as raw materials for the chemical industry. Other products brought in from abroad provide direct competition with American chemical manufacturers.

Another area where foreign

competition has been increasing is sulfur. Competition from Mexican Frasch sulfur in both domestic and foreign markets, and increased use of sour gas sulfur, resulted in the curtailment of domestic Frasch sulfur production in 1958. However, sharp demand boosts from the auto, steel, and textile industries are reported to have started domestic production back on the upswing. It is clear then, that the gen-

eral upturn in chemical demand has not been shared by all products. Sodium demand continued to slump through the end of 1958. This production drop is due to a decline in titanium production since mid-1957 and dwindling production of tetraethyl lead. The tetraethyl lead cutback has been caused by a reduction in over-all gasoline demand and a greater percentage of naturally high octane fuels.



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CHAMPION LAMP WORKS Lynn, Massachusetts

Washington Perspective

MARCH 16-22

The pulling and hauling in Washington on the business outlook, price trends, and inflation is getting rougher—and more confusing.

Take a look at two of the week's more important developments: the Federal Reserve Board's increase in the discount rate and Eisenhower's action of clamping mandatory controls over imports of oil from abroad.

The Reserve Board action is designed to tighten up the money supply to prevent loose dollars from adding to demand and causing inflation.

The second action is not so clear cut. The import curb will help to bolster prices of the oil industry, which is plagued by overproduction and glut, and keep them from sliding any lower (see p. 1).

At the same time, the President's order contains a provision for government to police oil prices to prevent industry lifting tags when the overseas supply is cut down. If prices do rise, Eisenhower threatens to allow in more oil.

The action is noteworthy, nonetheless, because it represents a break from the basic Administration policy not to intervene directly in the economy to hold prices down.

The action shouldn't be overemphasized, however. Eisenhower still is rooted to his belief that the best way to check inflation is for labor and industry to hold the line themselves, and not for any direct, or drastic, government action.

The inflation question also has its perplexing moments on Capitol Hill. Congressional Democrats still make a strong point of saying they're concerned over the threat of rising prices.

But the differences between them and the White House was sharply defined in the report last week of the Democratic Joint Economic Committee, following conclusion of its hearings on the President's economic message of this year.

Democrats disagreed down the line with Eisenhower on inflation, unemployment, rate of economic growth, and tight money.

Democrats called for more action, not to hold down prices, but to increase output—implying that to get business expansion they're willing after all to take their chances with inflation.

Purchasing agents should keep these points in mind when trying to cut through the fog of confusing and often contradictory claims and activity surrounding the inflation issue in Washington.

The plain fact is that no responsible official—Republican or Democrat—is willing at this time to accept drastic and direct federal action, such as price-fixing, to deal with phenomenon of creeping inflation.

The emphasis instead is on seeking indirect and limited actions to achieve this end—actions that won't interfere with the basic political philosophies of the two parties.

The Treasury and the Federal Reserve have launched an investigation into the handful of men who handle the financing of the U. S. government.

Reason for the investigation is the heavy speculation in government bonds last year which led up to the collapse of the federal bond market, making it more difficult for government to sell its securities.

Government now sells its bonds to less than two dozen dealers around the country, who then market the bonds to other customers. The dealers and big corporations and financial institutions who were caught up in the speculation apparently were able to dump the bonds in time to get out with their skins, and it was apparently the individual investors who took the biggest losses.

Weekly Production Records

	Latest Week	Week Ago	Year Ago
Steel ingot, thous tons	2,600	2,556*	1,463
Autos, units	133,838	127,783*	83,892
Trucks, units	22,964	25,104*	17,523
Crude runs, thous bbl, daily aver	8,207	8,236	7,488
Distillate fuel oil, thous bbl	15,103	15,267	12,136
Residual fuel oil, thous bbl	7,500	7,483	8,001
Gasoline, thous bbl	27,461	27,966	25,294
Petroleum refineries operating rate, %	85.1	85.4	81.9
Container board, tons	151,130	145,657	127,748
Boxboard, tons	154,587	156,694	136,603
Paper operating rate, %	89.5	90.5	90.5
Lumber, thous of board ft	233,224	236,748	219,620
Bituminous coal, daily aver thous tons	1,366	1,343	1,385
Electric power, million kilowatt hours	12,945	12,972	11,793
Eng const awards, mil \$ Eng News-Rec	372.1	523.1	313.1

*Revised



Factory Overtime Now Leveling Out

February Figure Same As January but Still 44% Above Year Ago

New York—Factory overtime as measured by PURCHASING WEEK'S Overtime Hour Index seems to be temporarily leveling out. Latest data for February shows the index at 82.1 (1956 equals 100). That's unchanged from January—though a sharp 44% above year-ago levels.

The leveling out signals a continuation of the current state of business activity—with production rising at a leisurely pace. The steadiness of the index would seem to indicate that no very sharp business rise lies immediately ahead.

A Big Push Needed

Usually business pressures—particularly growing backlogs and requests for quick deliveries—have to be pretty heavy before the overtime index rises. That's because overtime is costly, and factory managers are loth to use it unless absolutely necessary to maintain production.

The fact that the index is so far ahead of last year should not be overlooked. It's a measure of the business improvement from last year's recession-plagued economy.

Equally significant is the fact that the improvement continues to be widespread—with both hard goods and soft goods showing healthy year-to-year gains.

As might be expected, the gain in hard goods is a bit sharper—with the February reading running 53% above a year ago. Soft goods is no slouch either—with February levels some 26% above 1958.

A glance at the detailed table (cols. 4-5) will show you just how universal the improvement has been. While some industries are doing better than others—the startling fact is that every single one of them shows year-to-year gains.

Overtime Hours of Manufacturing Production Workers Index

1956 = 100

Hard Goods

	Latest Month*	Month Ago	Year Ago	% Yrly Change
Ordinance & Accessories....	69.0	75.9	65.5	+ 5.3
Lumber & Wood.....	84.8	90.9	66.7	+ 27.1
Furniture & Fixtures.....	92.9	110.7	53.6	+ 73.3
Stone, Clay & Glass.....	77.8	83.3	61.1	+ 27.3
Primary Metals	75.0	71.4	35.7	+110.1
Fabricated Metal Products..	73.3	93.3	53.3	+ 37.5
Non Electrical Machinery...	56.8	59.5	40.5	+ 40.2
Electrical Machinery	73.1	88.5	38.5	+ 89.9
Transportation Equipment..	82.8	131.0	44.8	+ 84.8
Instruments	87.0	91.3	52.2	+ 66.7

Soft Goods

Food	90.9	97.0	78.8	+ 15.4
Tobacco	136.4	172.7	63.6	+114.5
Textile Mill Products.....	100.0	111.5	65.4	+ 52.9
Apparel	100.0	108.3	75.0	+ 33.3
Paper	91.3	93.5	76.1	+ 20.0
Printing & Publishing.....	75.0	90.6	71.9	+ 4.3
Chemicals	100.0	95.7	78.3	+ 27.7
Petroleum & Coal Products..	85.0	70.0	60.0	+ 41.7
Rubber Products	110.7	135.7	46.4	+138.6
Leather & Products.....	114.3	114.3	85.7	+ 33.4

* Latest month is January, 1959.

Thompson Products Hit by F.T.C. on Auto Parts Discount Policy

Washington—The Federal Trade Commission has ordered Thompson Products, Inc., Cleveland, to halt what it terms illegal price discrimination granted in the sale of auto replacement parts to the Big Three auto manufacturers.

The F.T.C. upheld an examiner's ruling that Thompson gave price discounts to the Big Three substantially below those given to its own wholesalers. Such practices, F.T.C. assert, allows General Motors, Ford, and Chrysler to resell the parts to their own auto dealers at prices which Thompson wholesalers could not profitably meet.

In addition to locking Thompson wholesalers out of the business of supplying Big Three auto dealers, F.T.C. charges that the dealers themselves were able to set themselves up as "powerful" competitors in wholesaling re-

placement parts to other customers.

F.T.C. said the price differentials amounted to 3% for General Motors, 4.6% to Ford, and 6.9% to Chrysler Co. Some of the larger Thompson wholesalers were able to qualify for discount prices, but three-fourths were not.

The Commission said these price differentials were not justified in an "industry where competition is unusually keen, where margins of profit on individual items are exceedingly small, and where even the 2% cash discount allowed by the respondent (Thompson) is so important to its distributor customers."

Teflon Price to Drop

Wilmington, Del.—With the construction of a commercial plant to produce DuPont's "Teflon" 100-X FEP fluorocarbon resin at Parkersburg, W. Va., the present development price of \$19 a lb. will drop to \$12 a lb. Commercial quantities of "Teflon" will be available in about nine months.

With Michigan Nearing Bankruptcy P.A. Bien Must Buy Very Carefully

Every Expenditure Scrutinized as Purchasing
Director Tries to Keep State Operating on Little

Lansing, Mich.—Smack in the middle of Michigan's nationally publicized financial crisis sits State Purchasing Director J. Stanley Bien. Normally Johnny-on-the-spot with payment for state-incurred expenditures, Bien now



J. STANLEY BIEN

has to be more shrewd than ever in his buying.

With millions in unpaid obligations piling up. (The total will hit \$70 million by May), Michigan is only a skip and a jump away from bankruptcy. Its available operating funds are negligible and bank debt by law is limited to an unrealistic \$250,000.

Little Room to Maneuver

The situation naturally leaves Bien with little room to maneuver. One of the nation's most industrialized states, Michigan can't afford a new rug to replace the threadbare rag reported to be covering Gov. G. Mennen Williams' state house office floor. Host to the nation's bellwether auto industry, the state hasn't bought a new car since last June.

The state's whopping deficit includes anticipated revenues which, in turn, have been decimated by voluntary advanced payment of \$32 million in taxes by major Michigan industries to juggle February accounts. Despite the windfall, some obligations are currently in default.

Scans Every Requisition

Bien, who normally spends up to \$30 million a year on everything from matches to locomotives, now personally scans every requisition for supplies submitted by any department or office.

His job is to keep the vital departments of the government operating on practically nothing until a reluctant legislature measures up to its financial responsibilities and retrieves the nation's seventh most populous state from the brink of financial ruin.

Bien is a soft-spoken civil service professional, who seems out of character seated amidst wall plaques proclaiming him an admiral in the Nebraska navy and honorary Kentucky colonel.

Nowadays, more than ever, he wields an extra keen financial axe. While talking to a PURCHASING WEEK reporter recently, Bien "operated" on what seemed

suppliers and other state officials.

Bien had approved a \$14,230 press needed by Jackson State Prison authorities to make data clips for Michigan's new system of auto licensing. But the director of prisons voluntarily cancelled the request, and although he doesn't quite know how he will do it, he plans to adapt an existing press for the job.

No detail is overlooked in the present predicament. The Board of Aeronautics said it couldn't open the lobby of Lansing's new airport terminal without \$400 worth of sand-filled smokers' urns. Bien found 20 in storage, left over from the state's abandoned ferry system. Finding and

restoring the old urns probably cost more than \$400 but the point was—no cash was needed.

A leader in the fight of governmental purchasing associations to restore factory subsidy-discounts to state auto purchases, Bien hasn't bought one for nearly nine months. Now for other reasons, state agencies are being told to fix up their old "heaps."

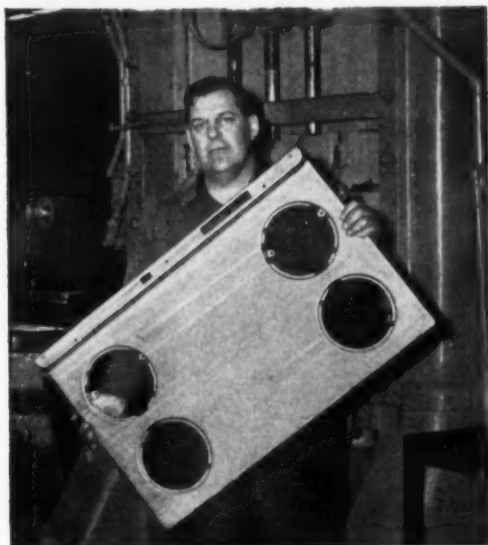
Only exception in the works is the state police because Bien shudders at economy endangering a patrolman's life. The police undoubtedly will get their new 120 mph. cars.

Most vendors, Bien says have been remarkably cooperative. Only one, so far, threatened to

withhold contract shipments for cash. This fellow was told to ship the normal way or the contract would be withdrawn in favor of the next lowest bidder. Actually, very few purchasing department bills are overdue, and none is seriously delinquent.

Contracts are worded to call for a 30-day, 2% discount. Normally, money so recovered amounts to about \$250 each working day and Bien hates to lose any of it.

Some companies have gone out of their way to be helpful. Vacu-Dry Co., Oakland, holds a state contract for \$50,000 worth of dried fruit. It voluntarily divided payments into four installments.



Sunray pressman displays range top that has just been blanked and formed from a quality Youngstown Porcelain Enameling Sheet.

Accent on Excellence

Youngstown cold-rolled and
porcelain enameling sheets

What modern young homemaker wouldn't be in "seventh heaven" when she prepares meals in her new kitchen, accented by this modern Sunray "TOUCH OF TOMORROW"—the world's first push-button, remote control gas range.

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YOUNGSTOWN

SHEET AND TUBE COMPANY
Youngstown, Ohio

Manufacturers of Carbon, Alloy and Yoley Steel



Sunray

Gordon Burt Affleck, N.A.P.A. President, Carries Inspirational Message to Local Chapters



At Grand Rapids, Mich.—Weldon T. Sharp, national director; Robert S. Theis, local president; Affleck; Ted Corson, mayor's welcoming committee; Russell T. Stark, District 4 vice president; Norman E. Dogger; and M. D. Kimbell.

New York—Gordon Burt Affleck, president of the National Association of Purchasing Agents, is on a nationwide tour of affiliated chapters. His talks, semi-inspirational and semi-reportorial, have been stressing

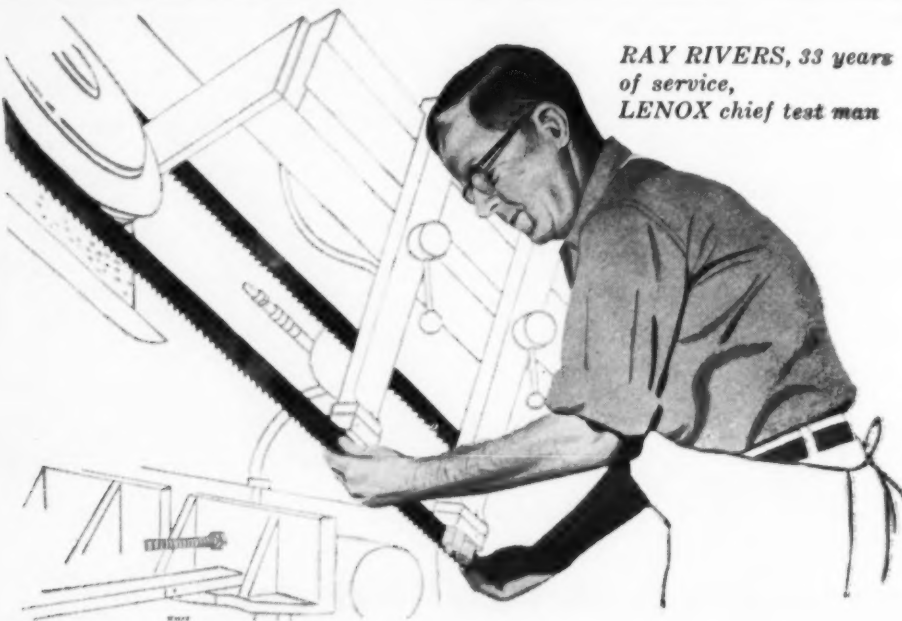
participation in national association affairs by chapter members and a pay-as-you-go budget for the N.A.P.A.

Two meetings which Affleck attended recently were held at Grand Rapids, Mich., and Wyomissing, Pa. The



At Wyomissing, Pa.—Affleck; Frank White, vice president of Lancaster P.A.A.; Edward R. Kohl, Reading vice president; and Joseph Kelemen, national director, Reading.

former was a joint meeting of the Grand Rapids, Western Michigan, and Kalamazoo associations. The latter brought together the associations from Reading and Lancaster.



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Available in standard and hook tooth design.

FREE! NEW HELPFUL HINTS ON HIGH SPEED STEEL BAND CUTTING

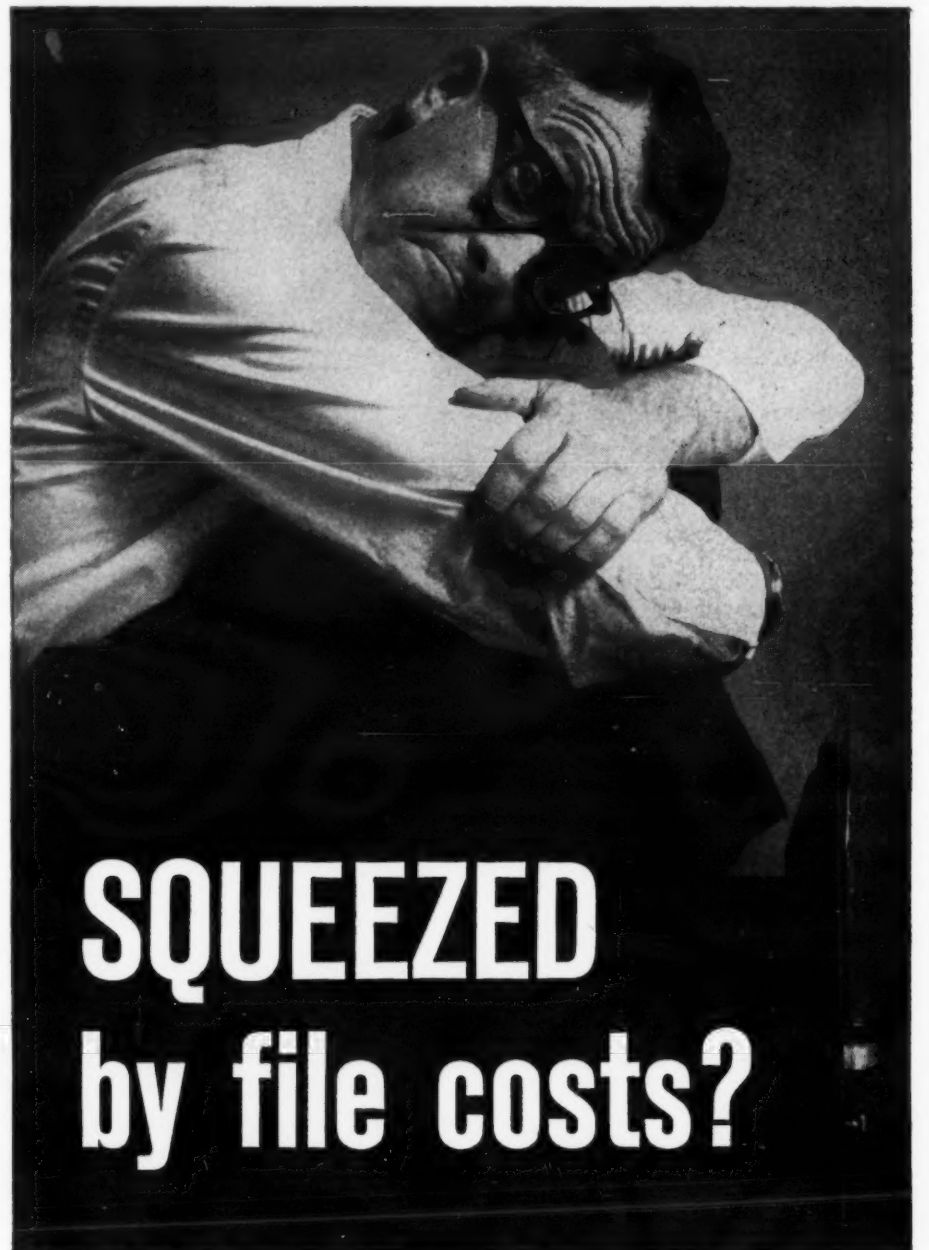
New and informative product data sheet offers the complete story of Lenox High Speed Steel Band Saw Blades with helpful suggestions on cutting. Write today for Data Sheet No. 1202.

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Alabama P.A. Association Stages 12th Annual Buyer-Seller Dinner

Guest Speaker Chet Ogden Stresses Importance Of High Standards Between Buyers and Sellers

Birmingham, Ala. — Purchasing Agents Association of Alabama's 12th annual buyer-seller dinner drew 200 buyers and 600 sales guests from throughout the state.

Chet F. Ogden, vice president purchasing of Detroit Edison Co., spoke on the "duel" role of buyer and seller. Ogden stressed keeping on guard to maintain the high standards between buyers and sellers.

A segment of the head table shows: Henry Yessick, left, president of the Birmingham Salesmen's Club; Robert S. Hart, president of the Birmingham

Junior Chamber of Commerce; D. Trotter Jones, executive vice president of Associated Industries of Alabama; J. E. Clark, National Association of Purchasing Agents vice president; Roy Hickman, Birmingham Chamber of Commerce president; Ogden, and George L. Wilson, general dinner chairman (picture right).



Develop Education Plans Little Rock P.A.'s Told

Little Rock, Ark. — Develop your educational programs to bring higher standards to purchasing, Little Rock P.A.'s were urged last month.

Education is a tool for P.A.'s to gain professional standing, Harold A. Berry, general chairman, National Association of Purchasing Agents' professional development committee, emphasized. Berry added that all associations' educational groups should work toward this goal.

Wilmington P.A.'s Hear Ahl on Good Buying

Wilmington, Del. — Learn management's problems to understand importance of purchasing's relationship to management, Wilmington P.A.'s were advised at their March session.

G. W. Howard Ahl, National Association of Purchasing Agents' executive secretary treasurer, said that good buying must consider: markets, material, processes, economics, accounting, and business law.

Buffalo P.A.'s, Salesmen Put on 'Comedy of Errors'

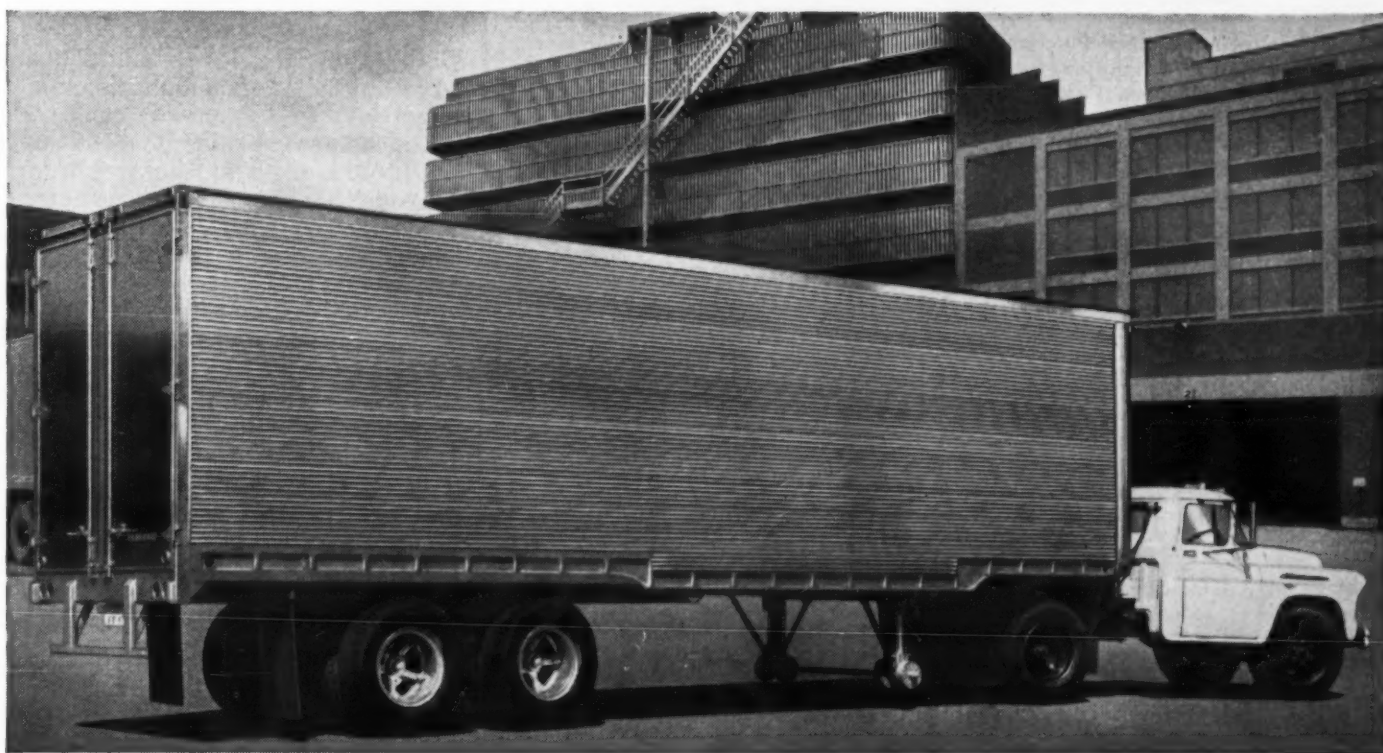
Buffalo, N. Y. — There were no hits but plenty of errors at last month's joint session of Purchasing Agents Association of Buffalo and Buffalo-Niagara Sales Executives Association.

A three-act presentation, "Comedy of Errors," with P.A.'s and salesmen in the cast, was broken down into purchasing agents' errors, salesmen's mistakes, and as a finale, combined miscues of both.

President Affleck Tours Texas, Makes 4 Stops

Dallas, Texas — N.A.P.A. President Gordon B. Affleck spoke at four association sessions on his four-day tour of Texas, in February. A joint session of Dallas and Fort Worth P.A.'s opened the tour last month.

Other stopovers included Sabine-Naches Association at Beaumont; the Houston, and El Paso Associations.



Answers To The Purchasing Man's Questions About Stainless Trailers

Why are Stainless Fruehauf Volume☆Vans a good buy?

Actual cost per mile, day after day and over the years, is the real yardstick of a Trailer's cost to the owner. Since Stainless Fruehaufs run more miles and last more years operating with less maintenance cost than other vans, they are the best buy for most users.

Why do Stainless Trailers last longer and cost less to operate than other vans?

They require no painting, and require less body maintenance. Stainless steel resists wear, weather, atmospheric impurities, and corrosion indefinitely, retaining its strength, appearance, and usefulness. No Stainless Fruehauf has ever been reported worn out.

How can I justify to company management the slightly higher initial investment that Stainless units require?

By pointing out that the re-sale value of a Stainless Fruehauf is greater than that of another type

Trailer of equal age. The higher investment is returned. Too, lower operating costs and less frequent Trailer "down time" equal greater usefulness, reduced shipping costs, higher company profits.

Conserving capital is more important to my company than operating expense. Does that rule out Stainless?

No. Fruehauf leasing makes Stainless vans, open tops, or refrigerated vans available for periods of 12 months and up at monthly rates. Capital is conserved for other expenses. Also, Fruehauf Financing is closely tailored to the user's needs and budget. But if a lower cost Trailer must be had, Fruehauf has it to sell. The Fruehauf line is the most complete in the country.

If you, as a purchasing agent for your company, have any further questions to ask regarding Trailers and methods of economizing in obtaining them, chances are Fruehauf can supply a very good answer. Please write or call any time.

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Which Policies to Include?

A good manual will include all those policies needed for topnotch purchasing performance. You know which are most important for your company. But here are some which might be included:

Subject	Policies	
Receiving Salesmen	Community Relations Complaints, Interdepartmental Correspondence with Vendors Quotations	Entertainment Funds, Solicitation of Gifts
Arranging Interviews— Vendors and other depts.	Advertising and Art Work, Purchasing Catalogs, Requests for Decentralized Purchasing Designs, Purchase of Food, Purchase of (Non-Patented Ideas)	Insurance, Purchase of Materials, Purchase of Professional Services Samples, Requests for Specifications Vendor Qualifications
Selecting Sources of Supply	Buying for Employees Correspondence with Vendors Credit Emergency Purchases Equipment, Purchase of Interviews Limitation of Purchasing Dept. Local Purchases Petty Cash Purchases Vendor Reviews and Rating	Plant Visits Prices, Effect on Selecting Supplier Relations of Purchasing with other Divisions Resale Items, Purchase of Tax Traffic Vendor Qualifications
Making Commitments	Bids, Low Blanket Orders Community Relations Contracts Functions of Purchasing Dept. Leases Limitations of Purchasing Department	Make or Buy Potential Needs, Stocking Principles of Purchasing Practice Public Relations Purchase Orders Sales Contract Form
Conflict of Interests	Buying from Employees Competitive Bids Funds, Solicitation of Legal Problems Objectives of Purchasing Department	Reciprocity Samples, Free Speculative Buying Surplus Material, Sale of Trial Lots Vendor Sales Contracts
Conduct of Negotiations	Commitments, Authority to Make Credit Discounts Inventory Levels Limitations of Purchasing Department Overages	Prices, Disclosure of Public Relations Reciprocity Records, Examination of Rentals Specifications, Altering Storage Space Taxes Transportation Costs
Gratuities	Christmas Gifts Entertainment Lunches	Loans Samples, Free
Follow-up	Adjustments Complaints Invoices Materials, Damaged or Poor Quality Vendor Relations	Records, Examination of Responsibilities, Purchasing Department Vendor Samples, Confirming Orders

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Purchasing Manuals—II

A Good Manual Is Designed For Your Company Alone

Contents Must Be Selected with Care but Make Them Complete;
First Factor to Consider is Reason for Publishing One

By F. ALBERT HAYES
Consulting Editor

What does a good purchasing manual contain? Exactly what you need, not what someone else has developed for his needs. Like a hand-fitted glove, a good purchasing policy manual is tailored to the company.

As explained previously (P.W., Mar. 9, p. 14), supplier-oriented policy manuals take one of four common forms: the welcome booklet, supplier's guide, small policy manual, or the text-like policy-and-procedure book. Which you choose for your own company depends on your:

- Anticipated need (company growth, manual distribution, etc.).
- Money available for a manual.
- Objectives.

Exactly what your manual should contain depends on which type you choose. But the following guideposts will help you develop any one of the four.

1. Why Publish a Manual?

First, define why you think it is important to develop such a manual. Is it to impress your boss? To bring order into buying harassed by chaotic consumption? Or, to let suppliers know how to sell to your company?

Some growth companies which have been expanding rapidly have been forced to develop policies so that all locations know the company ground rules. Others, which have decentralized, need manuals for the same reason. And some write purchasing manuals to update traditional policies which were geared to yesterday's buying patterns.

But whatever the reason, know for what you are aiming. Without stated objectives, policy manuals will be misdirected and ineffective. Put down your aims first so that you will be guided, as will the eventual reader of the manual.

The intent may be as simply expressed as North American Aviation did in theirs: "It is our conviction that constant improvement of our contribution to the success of the company can be assured only by a clear understanding of the policies and procedures that govern our operations. To help accomplish this, this manual has been prepared."

2. Define Purchasing Objectives.

These objectives may be expressed in the traditional "right price, right quality, at the right time." But most wish to expand on this, as General Electric did in their recent manual. "G.E. buyers have the responsibility of contributing to company success through value buying on the basis of the best combination of quality, price, and service. You can help us build quality into our products . . . and help us to meet our customer's wants. This is the teamwork that will build business for both of us."

Or the objectives may be the time worn but use-tested principles and standards of the National Association of Purchasing Agents which frequently are included in policy manuals.

Defining objectives of your purchasing department has internal advantages as well as external benefits. They require a thorough examination of the department's relationship with the rest of the company. They require interpreting department objectives in terms of overall company objectives. Both require tentative approval from top management—an effective way for calling attention to purchasing as an

integral part of the company operation.

3. Define Scope of Purchasing.

The scope of purchasing should be stated both for supplier and internal use. Clarifying the responsibilities of purchasing will help the visiting supplier and will also define relationships within the company. It will require looking at the whole broad field of "service supply" and seeing just what is assigned to purchasing. Such examination frequently helps pinpoint re-

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lated responsibilities in other departments, too.

But don't forget to include purchasing limitations as well as scope. What purchasing doesn't do will help the supplier as much as telling him what purchasing does do.

4. Keep procedures to a minimum.

Keep your manual mostly policy, not procedure, directed if it is to be helpful to the supplier. It should tell "why" not "how." Don't try to tell how gifts should be handled, just let it be clearly known that their receipt is not welcome.

Policies leave room for judgment, the kind purchasing people normally exercise in their jobs. If you try to become too confining with rules, you will find that they cannot always be observed; and the manual has already lost its usefulness as a purchasing guide. Policies can almost always be used to determine behavior, no matter how involved or unusual the case.

In developing specific topics in your manual (see below), don't forget the main purpose of a policy manual: to improve vendor relations. Include in it what both buyer and seller need. Don't forget those

items which will save time for both company and vendor personnel.

You want timely offerings and advice from suppliers concerning materials, equipment, methods, and ideas even though their practical applications may be future. Your supplier will want to know to whom to tell his story and how, what your company needs both now and in the future, and he wants to know who is authorized to buy.

5. Explain Each Policy.

Whatever policy is adopted should be spelled out, not just listed in the index. If what the company expects from vendors is written, no misunderstanding will arise.

For instance, a forthright statement about commitments and communications will help. Almost every P.A. has experienced the confusion, additional cost, and irritation arising from changed specifications, changed deliveries, and changed quantities on which the purchasing department was not informed. A hard or loose policy can be adopted, but, whatever it is, it should be in writing for both the protection of company and vendor.

Which Policies Should Be Included?

The box on page 8 shows what a complete policy manual might contain. But some of the fundamental ones which should not be overlooked are:

Christmas Gifts—This annual problem can be solved inexpensively by including it once in the manual, rather than annual letters which imply poor response to last year's request.

Negotiation and Commitments—Whether a multi-plant company or highly centralized, this will assure uniform consideration of vendors.

Adequate Hearing—Let suppliers know that purchasing is not above soliciting help from other departments. This will discourage going around purchasing.

What Else Should Be Included?

Minimum content of a good purchasing manual on policies is the following:

A Foreword—preferably signed by the president of company to lend authority to the manual.

Objectives of the Manual.

Scope, Responsibilities, and Limitations of Purchasing Department.

How the Department is organized.

Purchasing Policies (see box on page 8).

Purchasing Directory—separate sheet listing current items purchased, with name and location of each buyer.

Index

Each of the policy sections could be expanded into a book. How big it is will largely determine size and expense of manual. But some of the more successful ones have compressed the essentials. This produces a concise document easily readable. This is the kind that is invaluable for better vendor relations, interdepartmental relations, and produces better purchasing performance.

A Manual Is a Benefit

The third article of this series by F. Albert Hayes, a consulting editor of Purchasing Week and noted authority in this field, will appear in the next issue.

It will cover the benefits to be gained by a purchasing manual. One of the biggest ones is the benefit to be gained in its preparation. Spur-of-the-moment decisions don't add up to a good manual. Every policy must be carefully thought out before it is written. The purchasing agent has to visit other department heads and talk over with them any policies which affect their departments. And top management's approval must be secured before printing starts. These things mean that the editing P.A. must thoroughly study the operations and policies of his own department.

The manual can be of great assistance also to vendors.

A P.W. Profile

Chuck Witter, Hughes Tool Co. P.A., Active in Toastmasters International

About a year ago Chuck Witter had to speak to a group of government procurement officials. He did so—reluctantly. When he had finished, he felt he had been inadequate, he hadn't put across the points he had in mind.

Witter, P. A. for Hughes Tool Co., Aircraft Div., Inglewood, Calif., had had some training in public speaking. He had taken public speaking courses at the University of Southern California and at Woodbury College, but these courses hadn't quite suited the needs he later encountered as a purchasing man. Organizing and presenting his ideas to man-

particularly well equipped for his job.

Taylor, who himself had been a shop foreman, feels very strongly that P.A.'s should have this type of broad experience. This, coupled with the ability to organize ideas and present them effectively to management, vendor and government groups, would make the ideal P.A., Taylor feels.

Witter, active in P.A. association and Toastmaster activities, lately has had little time for his hobby. A promising marksman with a .22 rifle a few years ago, he owns a .22 pistol and is weighing the purchase of another rifle, "just for target shooting," he says. "I don't hunt because I don't like to kill anything."

Witter has owned firearms since he was ten, and claims target shooting is an effective way to relax.



CHUCK WITTER finds public speaking skill necessary to his job as purchasing agent.

agement and to other business groups, he felt, was a necessary skill, and one that required special training.

As a result, Witter has become a member of a local chapter of Toastmasters International, an organization of people who keenly desire to improve their ability to speak in public. Both Witter and his chief, M. E. Taylor, Director of Materiel, have been attending regular sessions of Toastmasters, and agree it has been beneficial in their work. However, they feel purchasing and procurement people have speaking problems peculiar to their own type of work.

Because of this feeling, Taylor and Witter are spearheading a move to organize a Toastmaster chapter oriented strictly for personnel in purchasing and materiel work. Although the idea is still in the embryonic stage, it already has aroused a great deal of enthusiasm among members of the Los Angeles chapter of the N.A.P.A. And, if plans materialize, as Witter and Taylor expect, P.A.'s and materiel men should have their own local chapter of Toastmasters within a few months.

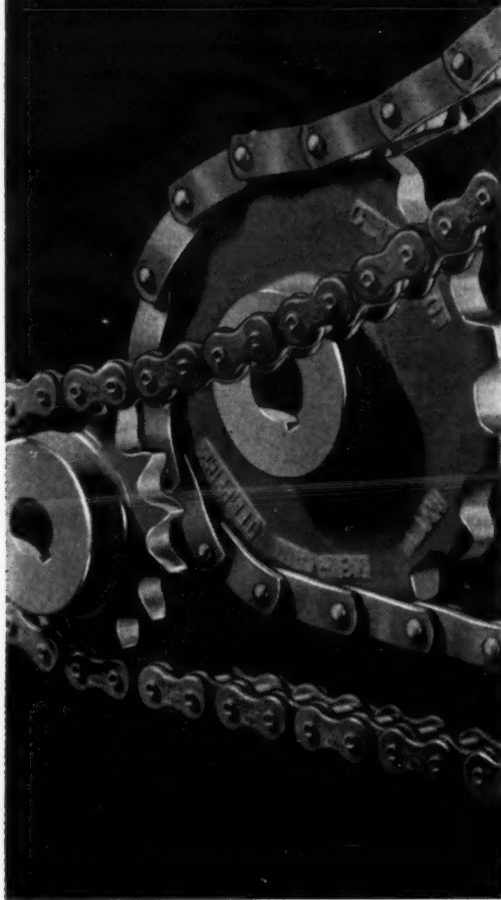
Witter, who is 39, has been with Hughes since 1950, starting with the firm as a procurement follow-up man, advancing to buyer, senior buyer, and to his current position as P.A. in June 1955. Prior to two years in the Navy during World War II, Witter had been a journeyman machinist at Lockheed Aircraft for seven years. After the war he attended college and then went to work for Modern Material, Inc., first as bookkeeper, and later as manager of a branch warehouse and office. This experience in various phases of plant operation makes Witter

DuPont to Build Small Plant

Wilmington, Del.—DuPont Co.'s explosive department will build a small plant to produce pyromellitic acid (PMA) and pyromellitic dianhydride (PMDA) at its Repauno Works, Gibbstown, N. J. The new facilities are scheduled to open at the end of the year.

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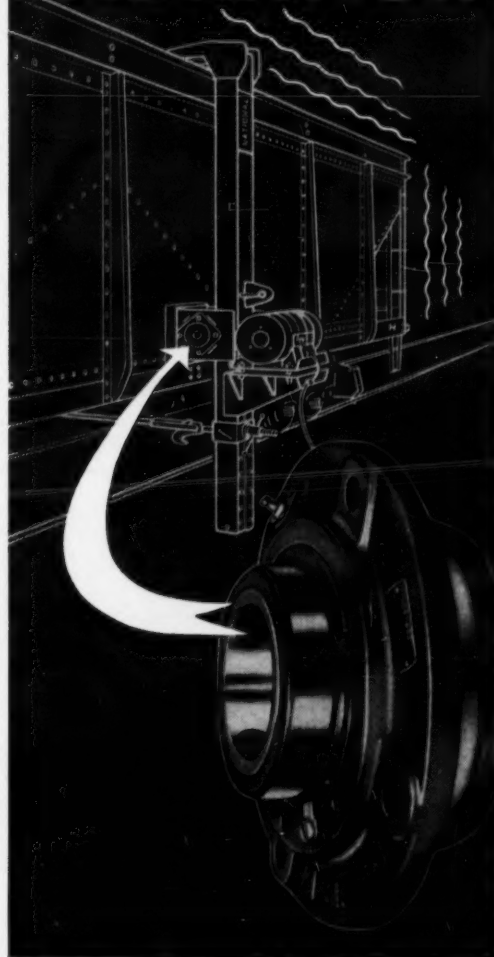


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Purchasing Week

McGraw-Hill's National Newspaper of Purchasing

330 West 42nd St., New York 36, N. Y.

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March 16, 1959

Print Order This Issue 26,207

Our Economist Helps Us Understand Another Fertig Answers Baxter—Seems They Were Viewing Same Thing from Different Angle

LET'S face it. When it comes to economists quoting figures or citing statistics, the going can get rough. Sometimes, even statements of fact seem contradictory.

Take the case of purchased goods and services. Since time immemorial purchasing men have known, have told each other, and have told their managements that purchased goods account for the largest share of manufacturing costs. It's such a well accepted fact we feel sure the average purchasing man would want to argue with anyone who said anything different.

That's why John Baxter, a PURCHASING WEEK editor and a former purchasing agent, took exception when Lawrence Fertig tagged labor as the largest manufacturing cost. Fertig wrote (Feb. 9) in his regular New York World-Telegram & Sun column "especially the cost of labor which is the largest manufacturing cost . . ."

Although Baxter challenged the statement, not for publication, but in behalf of the purchasing profession, the exchange of letters proved so interesting we obtained Fertig's permission to quote him.

And then, because we did not think it served you sufficiently merely to point to seeming contradictions, we brought Purchasing Week's own economist, Robert Reichard, into the picture. Reichard was assigned the job of explaining the two viewpoints and thus giving you knowledge to pass on to your management when and if the theory is advanced that labor is manufacturing's greatest cost.

Ray Barnett

Fertig's Statement That Started It All

New York World-Telegram

and
The Sun

A SCRIPPS-HOWARD NEWSPAPER.

MONDAY, FEBRUARY 9, 1959

the recession by reducing costs wherever possible—especially the cost of labor which is the largest manufacturing cost. When business gets a little better employers are worried about

P.W.'s John Baxter Questions Lawrence Fertig's Statement in N.Y. World-Telegram



J. BAXTER

"I question the underscored part of your statement. I say the cost of Purchased Goods and Services is the largest manufacturing cost—not (underlined) labor costs. In support of my assertion I present the following figures compiled by First National City Bank of New York showing relative percentages of the sales dollar expended for purchased goods and for Labor by the 100 largest U. S. manufacturing companies (based on assets) in 1953 and 1956.

Year	Cost of Purchased Goods & Services	Wages, Salaries & Other Labor Benefits
1953	52.4%	24.9%
1956	51.8%	26.7%

"Financial manuals also will show the cost of purchased goods and services running well ahead of labor cost in practically every product category of manu-

facturers. It would be possible to go on and on in this vein by citing industries that have broken down costs and where costs of purchased goods exceed labor costs—often by more than a mere two to one ratio.

"You may answer that labor is the largest manufacturing cost because it represents a large cost element in the goods and services that are bought by manufacturers—in addition to labor costs directly generated by companies. Cumulatively, and totally, in this sense, you may say labor is the largest cost element in manufacturing. But the fact remains management is responsible only for the cost control and profits in their own companies. They are not paid to be 'big picture' economists.

"Also, if the bank figures were extended to include all manufacturing companies in the U. S., it would certainly be true that total sums would show costs of purchased goods much higher than labor costs. So, from any angle, I don't see how it can be said that labor costs are the largest manufacturing costs."

"My answer to your letter is contained in the next to last paragraph of your own letter to me. You will note that I was referring to industry needs. I know you agree that the cost of labor is the largest cost in converting raw material into finished products finally sold to the consumer. I agree with you that the cost of goods and services is the largest cost for any individual manufacturer. But, after all, if you are to get at the heart of the problem, you must get at labor costs because it is the cost of labor which is embedded in the price of every item the manufacturer buys. If you change the wage structure, you change not only the

manufacturer's individual labor costs but also his material costs.

"What I was really referring to here is the process of 'value-added-by-manufacture' which, as you know, is widely used by economists. In value-added-by-manufacture human labor is the major cost.

"We are really discussing a technical matter here, or perhaps a general interpretation of a phrase. We certainly both agree on the facts. Labor cost is the largest cost in the production of goods from mine and field to consumer, and the purchase of goods and services is the largest cost to any individual manufacturer."

Reichard, P.W. Economist, Attributes Confusion To Different Interpretations of Same Facts



R. REICHARD

The whole question of labor and material costs and which is more important is a confusing one. Answers depend in large part upon your own specific viewpoint.

Take the over-all business community or national point of view—and "labor" will probably be your answer. But look at it from the individual firm's vantage point and materials must be put in first place on the basis of simple \$ and ¢ arithmetic.

Why? Because in the over-all business viewpoint, the materials you buy are considered to consist partially of labor. Mine and smelting labor costs of the copper ingot you buy, e.g., are added to the total nation's wage bill.

But on your firm's level, material is considered as a separate and direct cost element. And the specific cost elements that enter into it are ignored because (a)

the data isn't readily available, and (b) it would do your firm very little good even if it did know.

Fertig's answer clarifies the seemingly contradictory analyses. He uses the so-called value-added concept here. In other words, he includes the cost of labor that goes into every material or component that you as a P.A. buy.

But Fertig also notes: that if you (a) forget how material costs are built up but (b) look upon it instead as a direct cost by itself, then material costs bulk most heavily for the individual firm.

The statistics in Baxter's letter certainly bear out this latter point. They show that material costs for the nation's major industrial firms have been running about double their bills for labor.

So that even if you could control both equally as well, materials, on sheer weight alone, would still have to rate as your firm's No. 1 possibility of effecting savings. Putting this another way, you have twice as big a figure to whittle on when tackling material cost reduction.

"Your Follow-Up File", which usually appears on this page, is on page 15 of this issue.

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PURCHASING WEEK Asks You . . .

What part do you think imagination plays in purchasing?



H. J. Miller, Jr.
William Schenck & Co., Inc.
Evans City, Pa.

"Imagination can be as important in purchasing as in sales, production, or any other segment of a business—particularly when it is used to reduce costs by substitution of new materials or by redesigning of present ones. This is especially so with items that are virtually identical in price, quality, and service. In such cases, substantial purchasing profits only can be realized by new methods, materials, or ideas."

J. C. O'Connell
Lombard Corp., Youngstown, Ohio



"It is an indispensable aid in meeting the daily challenges in today's purchasing world. An active imagination enables the mind to build new concepts from old ideas and see new ways of accomplishing objectives in a growing and ever changing economy. It is as important to the purchasing agent as to the engineer, the chemist, or the physicist if he is to keep pace and stature with those advancing segments in our economy—as indeed he must."



C. L. Long
Clayton Mark & Co., Evanston, Ill.

"Imagination must play an important part in purchasing. Without imagination, a buyer has no means of visualizing the potential of a new product. In interviews and contacts with sales people he learns of new items, ideas, and methods of manufacturing which could fit into his company's products and production requirements. In our company, all such pertinent information is passed on to the engineering, production, and new products divisions for development."

C. E. Panzica
W. L. Maxson Corp., Research & Development Division, New York



"Present day progress is a product of imagination. The successful purchasing agent must have vision to screen and evaluate the potential of new or substitute products and to analyze and select information from the mass of literature received daily. Standardization, design changes, reduction in inventory items, introduction of new labor saving materials or equipment are products of an alert purchasing agent's imagination."



G. C. Mealy
Manhattan Shirt Co., Paterson, N. J.

"A purchasing department that does not use its imagination becomes a run-of-the-mill purchasing department. It is only able to do tomorrow what it is able to do today. With imagination, it is able to picture in its mind improved uses of common every-day materials and the strange processes and unusual functions to which they can be applied. This, in turn, makes every day a new and better day and it also makes for interesting and progressive purchasing."

J. R. Lindley
Ennis Tag & Salesbook Co., Ennis, Tex.



"Our company's existence today is due to the imagination the founder had 50 years ago and the vision others had in products, procedures, machinery, and even in people. Imagination is basically and primarily the first rule of purchasing. It conceives and forms ideas of things from knowledge communicated and thus aids in the appraisal of a purchase. Often the first imagination impression determines the eventual purchase."

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Meetings You May Want to Attend

First Listing

National Association of Purchasing Agents, District 7—16th Annual Conference, Read House, Chattanooga, Tenn., Oct. 11-13.

Milwaukee Association of Purchasing Agents—1959 Products Show, Milwaukee Auditorium, Milwaukee, Nov. 11-12.

Previously Listed

MARCH

American Management Association—Workshop Seminar, Organization and Management of the Purchasing Department, La Salle Hotel, Chicago, March 16-18.

American Society for Metals—11th Western Metal Exposition and Congress, Pan-Pacific Auditorium and Ambassador Hotel, Los Angeles, March 16-20.

National Association of Corrosion Engineers—1959 Corrosion Show and 15th Annual Conference, Chicago, March 16-20.

Purchasing Agents Association of Indianapolis—1959 Indiana Industrial Show, Manufacturers

Building, State Fair Ground, Indianapolis, March 18-20.

APRIL

1959 Nuclear Congress—Public Auditorium, Cleveland, April 5-10.

American Welding Society—40th Convention and Exposition, Hotel Sherman and International Amphitheatre, Chicago, April 6-10.

American Management Association—National Packaging Exposition, International Amphitheatre, Chicago, April 13-17.

29th Annual Safety Convention and Exposition—Hotel Statler, New York, April 13-17.

American Society of Tool Engineers—Annual Meeting, Schroeder Hotel, Milwaukee, April 18-22.

Instrument Society of America—Southeastern Conference and Instrument Show, Gatlinburg, Tenn., April 20-22.

22nd Annual Pacific Northwest Purchasing Agents' Conference—Co-sponsored by the British Columbia, Oregon, and Washington Purchasing Agents Associations, Olympic Hotel, Seattle, April 24-25.

MAY

American Steel Warehouse Association—50th Annual Convention, Drake Hotel, Chicago, May 3-6.

Institute of Radio Engineers—7th Regional Conference and Trade Show, University of New Mexico, Albuquerque, May 6-8.

National Association of Educational Buyers—Annual Convention, Hotel Fontainebleau, Miami Beach, Fla., May 11-13.

American Mining Congress—Coal Show, Public Auditorium, Cleveland, May 11-14.

Triple Industrial Supply Convention—Dallas, May 13-15.

International Petroleum Exposition and Congress—Tulsa, May 15-24.

National Office Management Association—Office Machinery & Equipment Exposition, Municipal Auditorium, New Orleans, May 25-28.

JUNE

National Plumbing and Heating Exposition—Exposition Hall, Miami Beach, Fla., June 1-4.

Fifth World Petroleum Congress Exposition—The Coliseum, New York, June 1-5.

Canadian Association of Purchasing Agents—34th Annual Conference, Banff Springs Hotel, Banff, Alberta, June 5-7.

The Material Handling Institute—1959 Exposition, Public Auditorium, Cleveland, June 9-12.

National Association of Purchasing Agents—44th Convention and Inform-A-Show, Waldorf-Astoria Hotel, New York, June 14-17.

List Your Meetings

Associations, societies, and committees interested in calling the attention of readers of *Purchasing Week* to their meetings are welcome to use this column. The gathering should be one of interest to purchasing agents. There is no charge.

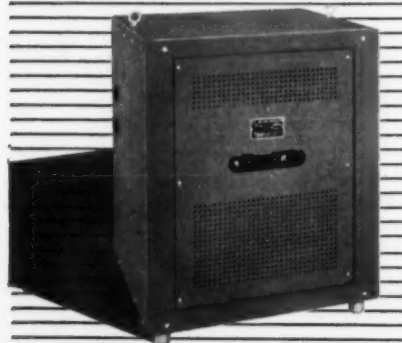
Send announcements to: Meetings Calendar, *Purchasing Week*, 330 West 42nd Street, New York 36, N. Y.

NEW IDEAS IN PACKAGED POWER

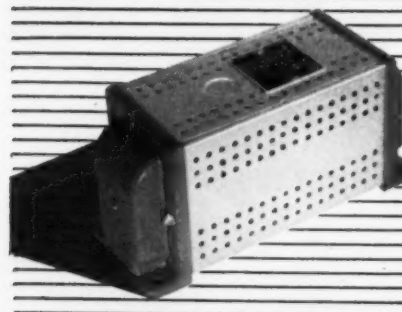
for lab, production test, test maintenance, or as a component or subsystem in your own products



New tubeless 0.1% a-c line regulators give up to 5kva out. High output and fast response result from a unique combination of semi-conductor and magnetic amplifier principles in the new Sorensen Model R3010 and R5010 a-c line regulators. Model R5010 (left) puts out up to 5kva and Model R3010, 3kva. Provision for remote sensing allows you to hold regulation accuracy at the load despite length of output leads, and, with an external transformer, permits regulation of any a-c voltage.

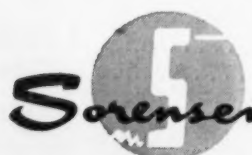


Broadest line of a-c regulators. A complete line of electronic a-c regulating equipment, supplying powers as high as 15kva, is manufactured by Sorensen. Single phase and 3 phase, 50, 60, 400 cps, 115 and 230 vac models are available. Good example of these is the 10kva Model 10000S supply (left). Others: Precision a-c regulators ($\pm 0.01\%$) for labs or meter calibration; and fast-response low-distortion a-c regulators where line transients must be reduced to a minimum.



... and rugged, economical MVR's. Low cost, low distortion, long life and a broad selection of models are outstanding features of Sorensen MVR's (Magnetic Voltage Regulators). Capacities range from 30 to 2000 va. Regulation is on the order of $\pm 0.5\%$. Both harmonic-filtered and unfiltered models are available with 115vac out. Models for 6.3 and 12.6 out, unfiltered, also available.

Sorensen makes a complete line of packaged power equipment—including regulated d-c supplies, inverters, converters and frequency changers. Despite the breadth of the standard Sorensen line, our engineers are always ready to discuss your specialized power requirements up to complete power systems for complex computers or other critical equipment. Write for complete data. 6.43



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Richards Avenue, South Norwalk, Connecticut

WIDEST LINE OF CONTROLLED-POWER EQUIPMENT FOR RESEARCH AND INDUSTRY

IN EUROPE, contact Sorensen-Ardag, Zurich, Switzerland. IN WESTERN CANADA, ARVA. IN EASTERN CANADA, Bayly Engineering, Ltd. IN MEXICO, Electro Labs, S. A., Mexico City.

Life in these excited states ...

"I can't stand that constant drip-drip-drip!"



Corrosion got the drop on you?

Little drips can mean big losses... repairs, downtime, ruined equipment. You can put an end to 85 to 100% of these problems with Ace chemical-resistant rubber and plastic piping, valves, pumps, tanks and other equipment. American Hard Rubber Company's 108 years of experience is at your service.

Flexible poly pipe, ideal for water lines, drains, underground pipe or conduit. Sizes 1/2 to 2", long coils, NSF-approved for drinking water. Bul. CE-57.



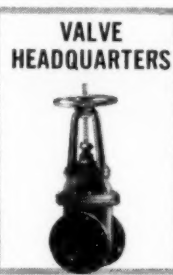
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tops in economy

Improved design... now 12 gpm. All wetted parts acid-resistant, wear-resistant Ace hard rubber. Finest available. Bul. CE-55.



NEW
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World's best chemical valves... at moderate prices. All-plastic, rubber-lined, or all-hard-rubber. 1/4" pet cocks to 24" gate valves.



VALVE HEADQUARTERS

ACE processing equipment of rubber and plastics

AMERICAN HARD RUBBER COMPANY
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Foreign Perspective

MARCH 16-22

London—Prime Minister Macmillan's reconnaissance visit to the Soviet Union has caused an upsurge of interest in East-West trade in Britain.

First step will be the projected trade mission to Russia—which the government is treating as a matter of urgency.

However, private business hasn't been waiting for the government to flash the green light. Just as Macmillan was leaving Moscow for home, a U. K. delegation flew into the Soviet capital to discuss plans for reciprocal industrial exhibitions in London and Moscow.

Its visit follows months of planning and earlier discussions with Soviet officials in London.

According to experts here, any increase in exports to Russia that might develop will be primarily in capital goods areas.

Moscow—Super-highway construction is about to get under way in Russia.

More than 43,000 miles of new highway will be built during the next seven years if all targets are met.

Four lane arterial roads surfaced with cement-concrete will radiate from Moscow to Stalingrad, Gorky, Kuibyshev, Kiev, Riga and to three unspecified cities on the Volga. Longest of these will be the 620 mile Moscow-Stalingrad road.

Major road construction also will be carried out in Kazakhstan, Kirghizia, Uzbekistan, and in areas of the Russian federation where virgin land is being cultivated.

Trunk roads will have grass dividers down the center, according to plans. Overpasses and bypasses are scheduled for construction at larger towns.

Goal is to improve the entire motor transport system. Thus the Russians plan now calls for a four-fold increase in bus fleets and a 90% increase in motor transport of freight.

Bombay—Indian traders now think the much feared Red China trade drive is petering out.

These traders, with contacts in Hong Kong, Peking and Shanghai, say the slackening is due to two factors: a rise in Chinese domestic demand and serious transport difficulties.

The latter may be more serious than originally thought.

The Indian textile industry has noted that last month, for example, that China abruptly stopped shipment of cotton to Britain. Initially this was thought to be part of Peking's new diplomatic offensive against Britain's Two-Chinas policy.

But an Indian representative of the industry, returning home from China very recently, reports that China did not cancel its contracts. Instead the Reds were forced to interrupt exports owing to grave transport difficulties.

This same source also confirms the lowering of food rations in some parts of China, owing to

these same difficulties in transportation.

Cairo — British-United Arab Republic financial settlement is expected to go far toward restoring normal trade relations between the two countries.

International exchange of goods between these nations has

traditionally been large. And its normalization again is expected to lessen U.A.R. dependence on Communist bloc barter.

The basic clause of the agreement calls for \$77 million compensation by the U.A.R. for "Egyptianized" (expropriated) property formerly owned by British nationals.

Another major point in the

settlement covers blocked balances. Egypt's blocked sterling bank balances—about \$211 million in cash and securities—now will be released.

Both nations also agreed to drop competing claims—Britain for loss of the Suez naval base, and Egypt for losses sustained during the Suez fighting.

Winnipeg—Poland may be importing a big tonnage of Canadian grain in the next few months.

Two Warsaw Trade officials are already here negotiating purchase of 150,000 tons of wheat and 100,000 tons of feed barley.

All in all it will come to about a \$17 million purchase.

The feed barley import is aimed at stimulating Poland's pig output. Last year her pork production was a big money maker—hams alone accounting for \$20 million in exports to U. S. from Poland.

The wheat purchase is primarily to build up stocks against bad harvest years.

The new agreement comes as a pleasant surprise to wheat dealers here. In view of bumper wheat crops in the Soviet Union and in Red China, Winnipeg traders had felt there was little hope of selling any wheat to the Red bloc this year.

Contact one dependable source for non-ferrous supplies...FEDERATED.

You have the most comprehensive line of available non-ferrous materials to select from. Through the widest variety of products, the most stringent production controls, and the most experienced and extensive application assistance—Federated is *your* supply headquarters for: Non-ferrous casting metals, aluminum, copper base, zinc base; Solders, Babbitt metals; Lead products; Plating anodes and chemicals; Low melting alloys; Galvanic anodes; Type metals; Zinc dust. Federated Metals Division, 120 Broadway, New York 5. In Canada: Federated Metals Canada, Ltd., Toronto and Montreal.

FEDERATED METALS DIVISION OF

ASARCO
AMERICAN SMELTING AND REFINING COMPANY



This Changing Purchasing Profession . . .



John H. Mullaney has been advanced from purchasing agent to manager of the purchasing division, **Louis Allis Co.**, Milwaukee. He succeeds **Hans M. Larsen**, who remains as consultant until his retirement at the end of the year after 40 years with the firm.

Charles M. Demster has been made purchasing agent for **In-galls-Shepard Division**, **Wyman-Gordon Co.**, Harvey, Ill. For-

merly assistant purchasing agent, he succeeds **John H. Roe** who retired after 17 years in the purchasing department.

Robert E. Miller has been appointed purchasing agent of **Datalab, Division of Consolidated Electrodynamics Corp.**, Pasadena, Calif.

Thomas H. Thomson has been advanced from purchasing agent to acting manager of purchasing,

Martin Steel Corp., Mansfield, Ohio.

Phil Breen has been appointed purchasing agent and assistant treasurer for the **Newspaper Printing Corp.**, Nashville, Tenn.

B. D. Kirk has been promoted from purchasing agent to director of purchasing for **Inca Metal Products Corp.**, Carrollton, Tex.

F. M. Egan has been named

assistant procurement manager for **Crouse-Hinds Co.**, Syracuse, N. Y. He had been assistant purchasing agent since September, 1957.

Mavin S. Yale has been appointed purchasing agent for the New York office of **Vulcan Rail & Construction Co.**

Francis Brooks has been reappointed as **Nevada State** purchasing director by Gov. Sawyer.

V. E. WULFF has been advanced from assistant manager to manager of rubber purchases for the **Firestone Tire & Rubber Co.**, Akron. **D. J. Burson**, former operating assistant and assistant buyer in rubber purchasing, becomes rubber buyer for the firm.

Wayne O. Vinson succeeds **John B. Patzold** as general purchasing agent, **American Laundry Machinery Co.**, Cincinnati. Patzold retired after 50 years' service.

Lester M. Markel has been elected vice president in charge of purchasing, **Markel Electric Products, Inc.**, Buffalo, N. Y.



J. B. SALES has been named purchasing agent, **McCord Corp.**, Detroit. He served as assistant purchasing agent for 24 years and is succeeded in this post by **A. Hartley**, a former buyer.

Obituaries

James S. Brady, 72, retired purchasing agent for National Aniline Division, **Allied Chemical Corp.**, New York, died in Buffalo, N. Y., Feb. 10. He retired in 1955 after 40 years' service.

Kenneth E. Hildrebrand, 53, purchasing agent for Chevrolet, Atlanta Division, died Feb. 10. He had been with the company 32 years.

William E. Royle, 70, retired purchasing agent for **John B. Stetson Co.**, Philadelphia, died Feb. 13.

Herbert J. Farber, 82, who had served 35 years as purchasing agent for **Kingsbury Machine Work**, Philadelphia, died Feb. 15.

Lott Lincoln Ewing, 59, purchasing manager for **Strevell-Paterson Hardware Co.**, Salt Lake City, died Feb. 20.

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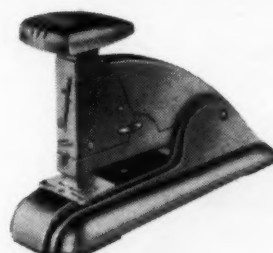
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seen on more desks across the nation than any other brand! Why? Because only SWINGLINE OFFICE STAPLERS have the famous open-channel for split-second loading...jam-proof performance. Exciting Jeweltone colors, ultra-modern design. No. 4 is a master desk stapler, holds 210 staples. No. 3 is a shorter desk model, holds 105 staples. No. 27 is a rugged one, holds 210 staples, can be imprinted with your company name, too! All sensibly priced. Contact your stationery supplier...today!

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3



27



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Long Island City 1, N. Y.

Your Follow-Up File

This feature usually appears on page 10

Welcomes Weekly Publication

London, Canada

We appreciate your granting us permission to use your materials management article ("Your Follow-Up File," Feb. 16).

Your publication is welcomed each week for it certainly is a serious effort to alleviate the dearth of writings on purchasing subjects and more particularly to call attention to topics of current interest.

J. B. Washington

Assistant Professor

School of Business Administration
University of Western Ontario

More Data on Helicopters

Fort Worth, Tex.

Thank you for the article on helicopters ("Helicopters Don't Just Fly. They Do Many Jobs Quicker, Better, Easier," Feb. 16, p. 14).

For your future reference, I would like to point out that a commercial Bell 47G-2, 3-place helicopter sells for only \$38,500 and it, and the 4-place 47J, does deliver payloads higher than the 9,000-ft. altitude.

We sincerely appreciate PURCHASING WEEK's interest in helicopters.

G. Jackson Butterbaugh

Assistant Director

Public Relations

Helicopter Corp.

• To give P.A.'s a feel for costs and performance of these new machines, the figures in the article's summary table were averages of helicopters now commercially available.

New machines being developed for armed forces will carry payloads of 3 to 20 tons. And some small helicopters have even reached test altitudes of 29,000 ft. Specific performance figures vary widely for each helicopter model and should be obtained from the manufacturer.

Pallet Maker Located

Cleveland, Ohio

After reading your article, "Dispos-

able Pallets Gain Wider Use to Reduce Storage, Handling Costs" (Feb. 9, p. 12), I became quite interested in the possibilities of a pallet of this type. However, there is just the company name mentioned, "The Calco Supply Co."

We are moving shortly, about the middle of May, into a new and modern plant, and these pallets could possibly be just one of the items we are looking for.

W. N. Bender

Stock Controller

DeLuxe Check Printers, Inc.

• The Calco Supply Co. is located at 315 Montgomery St., San Francisco 4, Calif.

Bet Their Letters Improve

Burlington, Vt.

We would like four reprints of "Write Letters That Bring the Results You Want" (Dec. 29, p. 6) for the people in our organization who write letters.

Emil Baccei

Purchasing Agent

Burlington Electric Light Department

Mountain View, Calif.

This article has received a great deal of attention and we would like 12 additional copies for our purchasing personnel.

W. M. Keeley

Purchasing Agent

Sylvania Electric Products, Inc.
Electronic Defense Laboratory

To Our Readers

This is your column. Write on any subject you think will interest purchasing executives. While your letters should be signed, if you prefer we'll publish them anonymously.

Send your letters to: "Your Follow-Up File," PURCHASING WEEK, 330 West 42nd St., New York 36, N. Y.

N.A.P.A. Committee on Education Becomes Committee for Professional Development

New York—The Committee on Education of the National Association of Purchasing Agents has changed its title to "Committee for Professional Development" to describe more accurately the group's activities.

In announcing the switch, the committee chairman, Harold A. Berry, explained that "education" was a "broad or inconclusive catchall."

He pointed out that education actually was a tool of the program whereas "professional development" is the real goal of the N.A.P.A. committee program.

"The Committee on Professional Development has accepted the responsibility of planning more workshops and seminars, more literature, more professional meetings, and broader methods of dis-

seminating information, in addition to providing a greater geographical spread of basic purchasing courses," the committee chairman said.

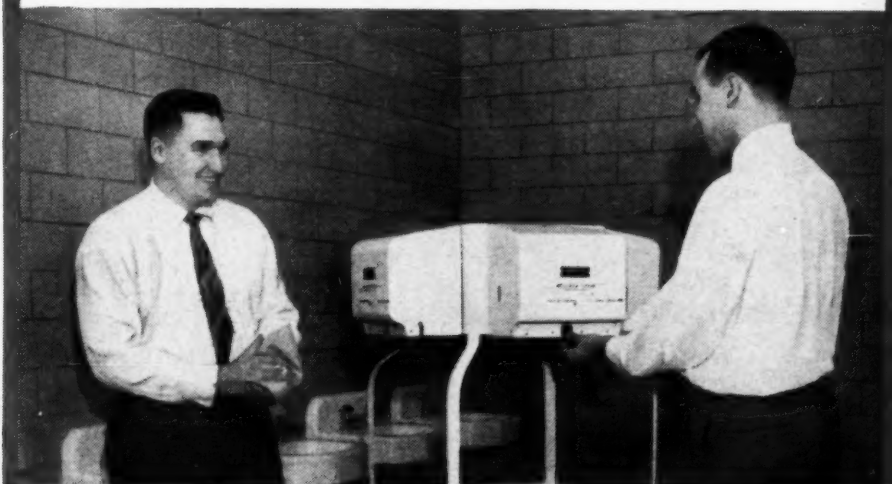
Hodde for Increased Budget

Olympia, Wash.—The state purchasing division has requested that its 1959-61 budget be increased. Speaking on behalf of a bill designed to improve state buying procedures, General Administration Director Charles Hodde said increasing his purchasing budget by \$100,000 would permit hiring of nine additional employees to establish standards, testing procedures, and a volume buying program.



COST OF PREVIOUS SERVICE.....\$8.00 per week
COST OF TURN-TOWL SERVICE.....\$2.10 per week

ANNUAL SAVING \$306⁸⁰



Here is a typical case history of what happens when a consumer tests Turn-Towls against the towel service in use. This happened to a national firm's Buffalo (N.Y.) division.

You can save with Turn-Towl service too. Write for name of nearest distributor now.



**A NEW HIGH IN QUALITY CONTROL
MEANS A NEW HIGH**

in Quality Fasteners from

ALLEN

Long famous for advanced quality control techniques, Allen has expanded its Quality Control Division in its great new plant. From coil or bar stock right thru to the label on the box, each lot of Allenoy Steel is coded with its own number and checked with the finest equipment available. Furthermore, screws in process are gaged for dimensional accuracy—right at the machines.

If you want better performance made possible by the latest in manufacturing facilities, techniques and know-how, always insist on genuine Allen products.



LEADER POINTS—another Allen exclusive (No. 8 and up) . . . helps speed assemblies.



In Cap Screws, there's no substitute for Allen Quality: 619 standard items . . . pressur-formed . . . for greater strength at vital points . . . with Class 3A threads, Class 2A above 1" dia.

Use **FLAT HEADS** for firm fastening with flush surfaces; No. 4 thru 3/8" dia., lengths 1/2" thru 2" . . . **BUTTON HEADS** for that streamlined look, without countersinking; No. 4 thru 3/8" dia., lengths 1/2" thru 2" . . . **STAINLESS STEEL CAP SCREWS** for corrosion and heat resistance, high tensile strength; No. 0 thru 3/8" dia., lengths 1/2" thru 3". For complete details, see your local Distributor, or write Allen Manufacturing Company, Hartford 1, Connecticut.

Measure Your Purchasing Performance in Man



Satisfactory measurement of purchasing performance has seldom been realized. Most yardsticks have evaluated the performance of the department in terms of working efficiency—operating costs, employees/purchase order, salesmen interviewed, etc. Few have charted the department's contribution to overall company success.

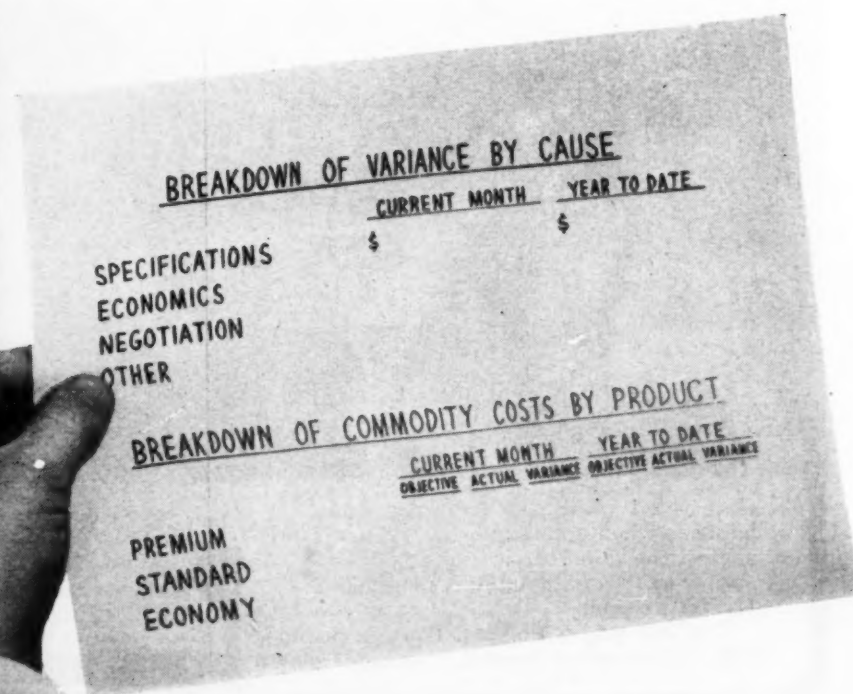
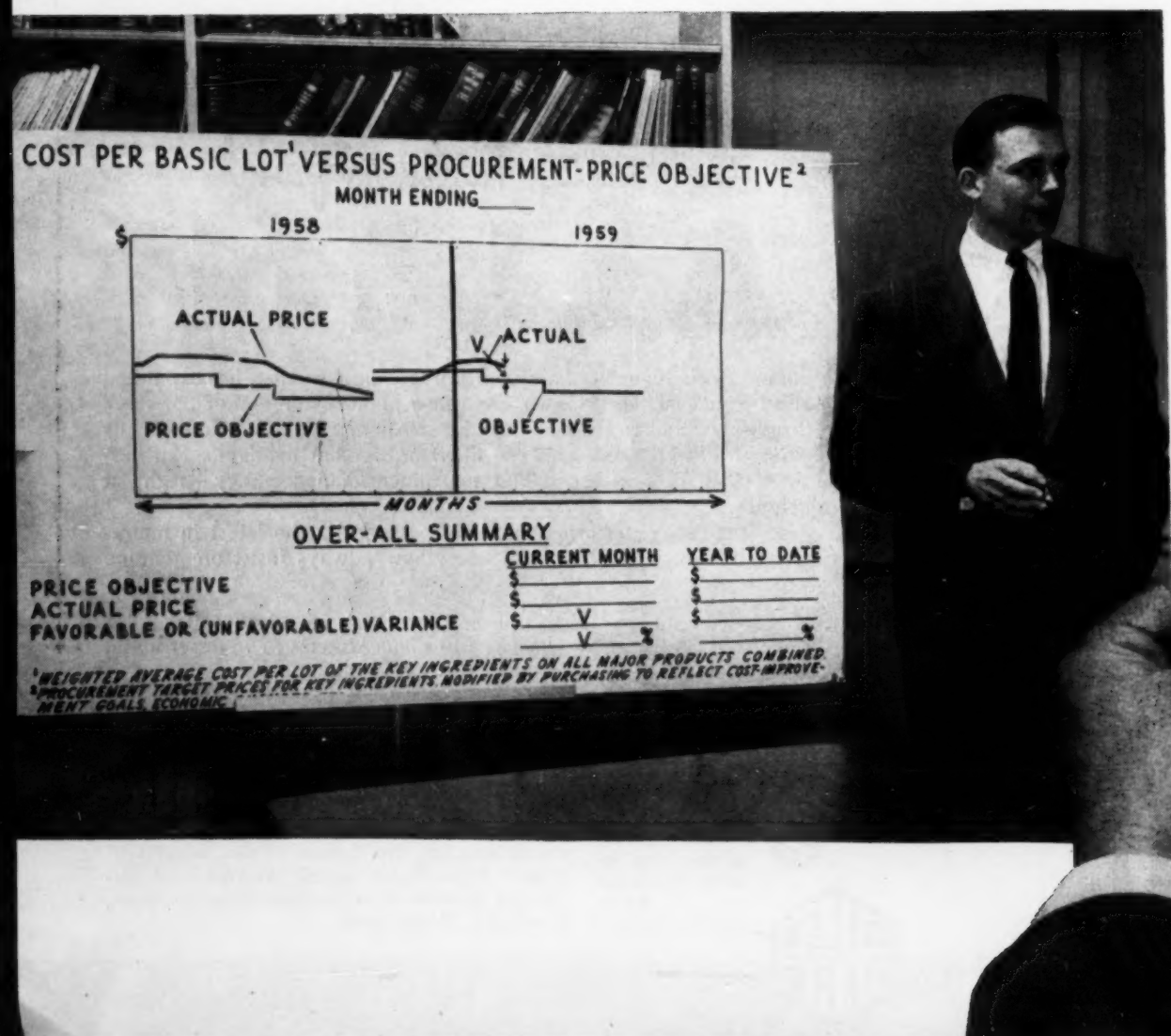
Now consultant Rick Taylor has developed some yardsticks in management terms: the effect on profits and prices. Results are expressed in dollars and cents, conveniently charted in simple form.

These planning and control tools for both purchasing and top management are already being used successfully by a few companies. They focus attention on purchasing's major job (buying), pinpointing where action is required.

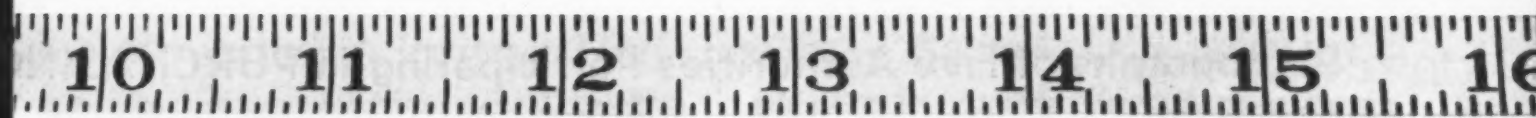
The summary report, left, is one presented to the president or general manager, as well as senior purchasing executive. The most pertinent facts are summarized in three sections. Part A covers the major elements of a "buy": price, delivery, quality, and vendor performance. Part B reports major developments in markets. And Part C summarizes recent progress in department programs. Variances from previous targets or expected performance are quickly spotted in each section.

Part A is backed up by simple charts on each topic. In price performance, lower left, actual prices paid are plotted against the bogey or price index previously established. The chart shows whether performance the past month has been above or below expectations.

The actual reason for the price variance is shown on a supplementary report, below, which identifies the reason as well as listing amount of money involved.



Management Terms—with Charts

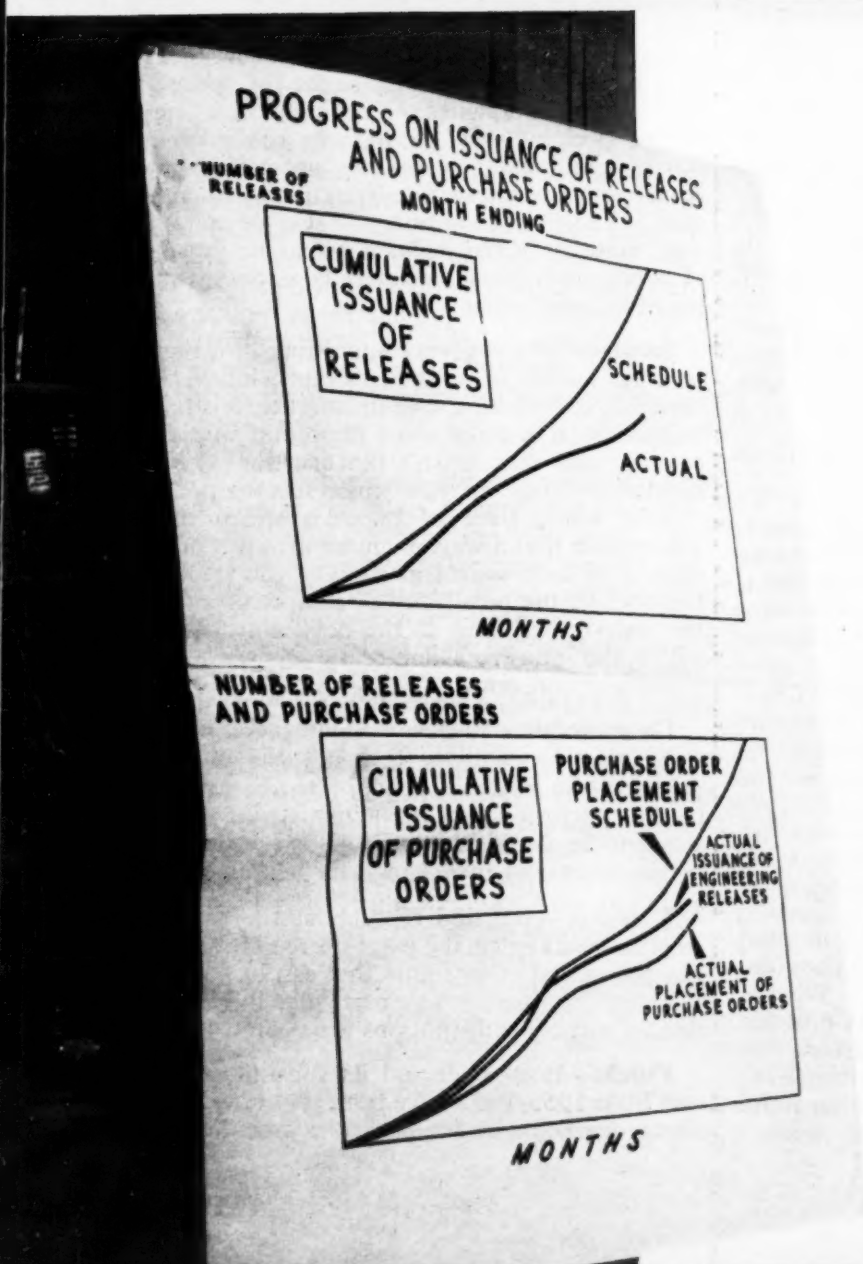
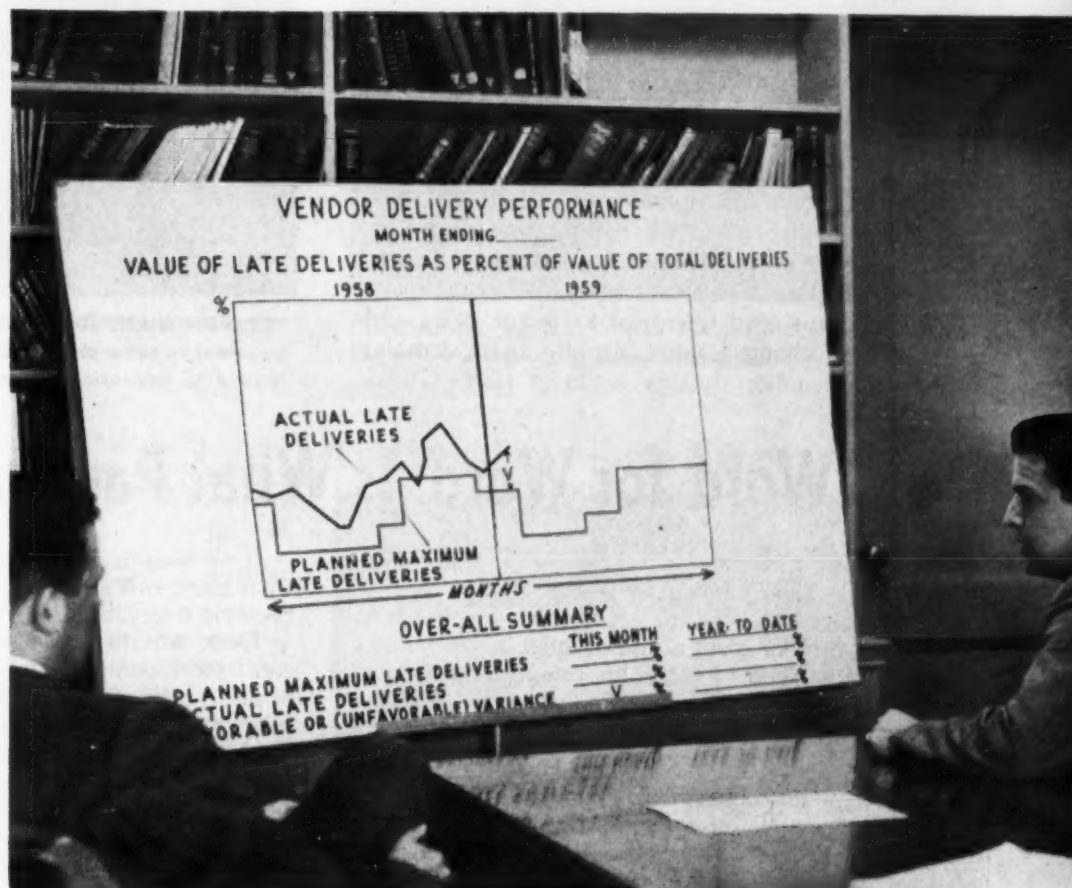
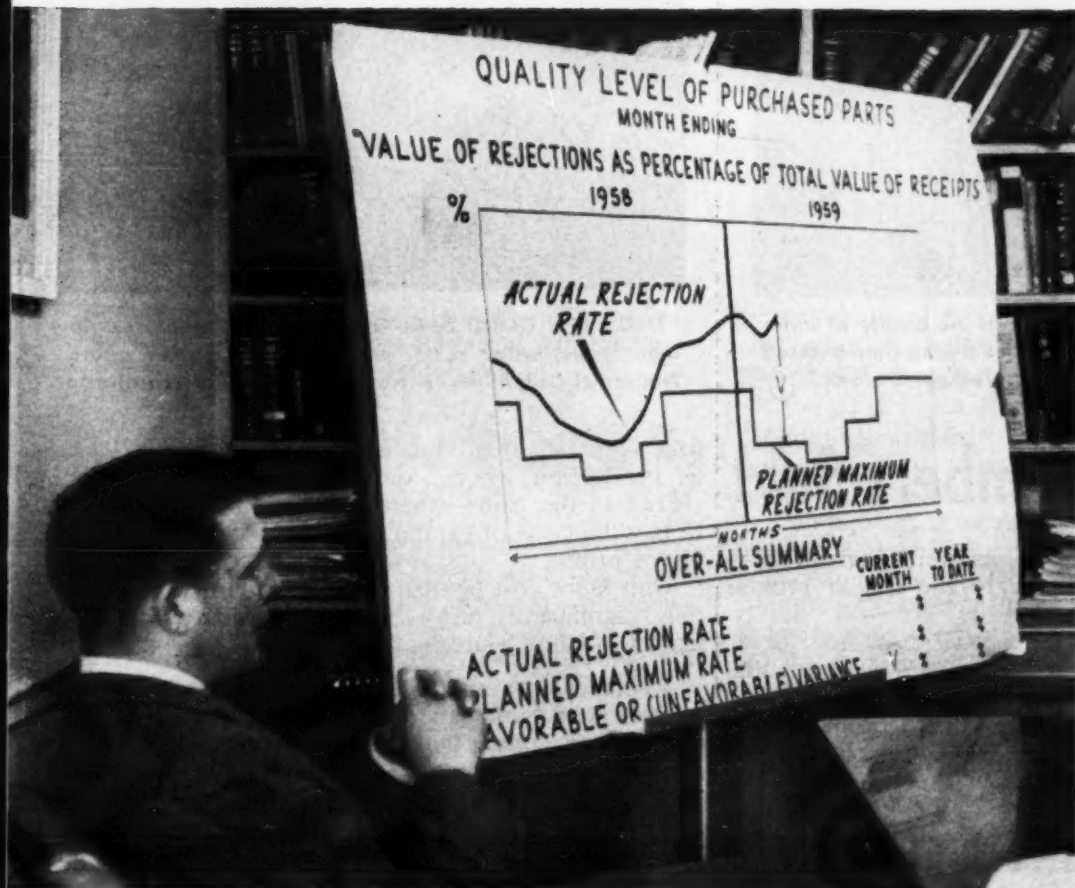


Richard W. Taylor of McKinsey & Co., consultants, is a technical specialist in purchasing. In this work he has had many opportunities to observe the lack of management controls for this function. A graduate of Annapolis with service in World War II and Korea, he left the Navy to serve a term in the Ohio legislature. He gained industrial experience with the Martin Co. in engineering, development planning, and procurement.

Richard W. Taylor, McKinsey & Co. Consultant ►

Devises Set of Easily Prepared Charts

For Evaluating Performance of Purchasing Department



Taylor Explains His Chart Thus:

"To measure quality performance, upper left, compare the total value of rejects with total value of shipments received. Information detected in receiving inspection can be compared then with an arbitrary target that represents to management 'good but attainable' performance. This type of presentation gives you and management a tool for making decisions and controlling operations having a strong impact on competitive position and profits."

"Delivery performance, above, can be portrayed for management in a similar fashion. Plotting the dollar value of late deliveries as a percentage of the value of all deliveries emphasizes the profit potential of good delivery performance. If desired, this percentage can be compared with a bogey based upon past experience plus an improvement factor you or your boss thinks is attainable. The indicator can be based on commodity, vendor, or buyer—whatever you wish."

"Purchasing also can judge its performance by monitoring release schedules under which it operates. If what and when you buy is set by a predetermined schedule or production plan, your performance can be only as good as that with which you start. By rotating these facts you also monitor performance of others. As the chart, lower left, shows, purchasing is improving in placing orders on time, but overall performance is hampered by late releases from engineering."

Panelists Attack the Question: Do

Photographs of Five Authorities Participating in PURCHASING

(Continued from page 1)

federal anti-trust and anti-merger legislation and criticized growth of industrial "conglomerates."

Labor economists Nathaniel Goldfinger and Samuel Jacobs, along with Kefauver, urged serious consideration of a pre-price notification measure proposed by Sen. Joseph O'Mahoney, D., Wyo. Both argued that wage increases based on productivity increases eliminate the need for price boosts. Jacobs emphasized his union (U.A.W.) was willing to submit wage demands to the same type of restriction proposed in legislation to control the price setting abilities of big industries.

While lifting some of the blame for price increases from wage pressures, Padraic Frucht of the U.S. Chamber of Commerce, absolved administered pricing practices of inflationary blame. He defended industry's pricing practices as founded on long-run competitive influences. The management economist argued that the biggest single factor in growth inflationary pressures is "growth-retarding" activities of the federal government.

Administered prices, Frucht said, are keyed to the potent pressures of potential market competition and thus tend to adjust to factor price and other cost changes more rapidly than demand changes.



"BY ADMINISTERED PRICES we mean the ability of management to set a price and hold it for a long time without regard to operation." Sen. Estes Kefauver, D-Tenn.



"THERE IS A GOOD DEAL OF CONFUSION about employment costs, wage costs, and their effect upon prices." Nathaniel Goldfinger, A.F.L.-C.I.O. asst. research director.

Here, Word for Word, Is What Panel Members Said

Co-moderator Roach—In discussing coming steel labor negotiations, Chairman Roger Blough of U. S. Steel has stated his conviction that we probably will orbit off on another great round of inflation unless union demands are curbed. I think his remarks dwell on the very issue that we are here to discuss—the question of whether wage increases should necessarily provoke price increases.

Kefauver—Our committee made a study of U. S. Steel and the steel industry generally under the subject of administered prices. By administered prices we mean the ability of management to set a price and hold it for a long time without regard to the extent of the operation of the plant, without regard to competition.

In this administered price area we have a follow-the-leader pattern. Ordinarily the price fixed by U. S. Steel is followed by other companies, so that we have identical prices for steel down to thousandths of a cent a pound. Sometimes when a small steel company announces the price first, unless it is sustained by U. S. Steel, which has about 30% of total steel production, it has to back off and follow U. S. Steel leadership.

I think the July 1957 increase of \$6 a ton might be an apt case to point to.

The general pattern is that the price increases per ton of steel have been between 2 and 2½ times the amount to be justified by the increase in wages.

Jacobs—According to testimony before Senator Kefauver's committee, for each dollar of the wage increase by Ford and G.M., the amount of the price increase ran four or five dollars. Now this is exclusive of the question of how much of that dollar of wage increase could have been absorbed by increases in productivity in the first place. I think the figures show very definitely that increases in prices in cars have been the result of the decisions of four officials of the General Motors Corp., whose decisions as to what level of profit they shall maintain set price levels for the industry as a whole—and that these increases on which the four G.M. officials decide are related not to the question of what is the wage increase, but what it is they can get out of the market with the level of production they decide to follow.

Co-moderator Bayless—Mr. Frucht, what have you done in the way of studies to show that the wages, although they may not arithmetically be the culprit, are the impetus for price increases?

Frucht—I don't think that wage pressures are necessarily the culprit even in this case. Nor do I think that inflation is due to economic concentration, or even that price rises are related particularly to the degree of market power individual firms may possess.

If we assume that firms try to maximize their profits, then they will price so as to earn the largest profits possible every time.

Thus, whether we deal with a local drug store or a giant steel company, we can and should expect both to price with a view to their long-run market positions. In each case, pricing will be determined primarily by the firm's consideration of what effect the price charged will have on its future sales and profits.

Administered pricing of the sort I'm discussing extends throughout the economy and probably applies to well over 90% of all non-farm business firms. Such pricing is inherently conservative and will tend, in response to demand or cost changes, to lag behind flexible "auction pricing" on both the upside and downside. Since the always potent pressure of potential entry is the key to administered pricing—regardless of the degree of market power—such prices can be expected to adjust more rapidly to factor price and other cost changes than to demand changes. The degree of market power will influence the relative speed of adjustment to changes in factor costs and changes in demand, but in no case can the speed or extent of price response be expected to exceed the responses of firms subject to perfect (identical product) competition. Market power has effects on profit margins and on efficiency in resource allocation, but does not in itself create inflationary pressures.

Co-moderator Roach—How do productivity increases affect the picture?

Goldfinger—You get an offset to increased wages. There is a good deal of confusion about employment costs, wage costs, and their possible effect upon price levels. An increase in wages and an increase in total wage payments by a company does not necessarily increase its unit labor cost.

Unit labor cost is measured by the amount of products that the employer gets as well as by the particular wage that is paid. So that as output for manhour increases and the employer is getting more output for each hour of work, that offsets the wage increase. Unit labor costs can remain relatively the same or even decline as output for manhour increases even though the workers may be getting substantial wage increases.

Frucht—Unit labor costs in themselves tell us little about either labor costs or total costs. Nor does the ratio of profits to labor costs tell us much. We are witnessing a dramatic change in the composition of the labor force structure of industry—the increasing replacement of wage-earning labor (productive workers) by salaried labor. This is accompanied by a rather rapid increase in the ratio of plant and equipment to produc-

tion workers. If production worker wages rose as fast as production worker output—and salaried workers shared in the gains—there might well be nothing left to pay the costs of capital equipment, etc., to say nothing of profits.

Unit labor cost figures, based on production workers only, significantly distort labor costs, productivity, and profits-to-labor figures and ratios.

Kefauver—I appreciate that entry is very important, but the point is that there hasn't been a dispute on our committee's finding that since World War II there has been no entry into the steel industry.

Frucht—With this, I disagree. There has indeed been a tremendous amount of entry into the steel industry, in the sense of competitive developments that influence the size of the market of any given steel producer. Entry into steel markets by aluminum producers, for instance, has already become a very important factor. This has enormous significance for the pricing behavior on the steel companies. Too high prices on the part of the steel industry for its long run interest, for instance, could result in speeding up of the already rapid development of alternative types of containers to replace cans. The plastics industry is also an entrant into the steel industry in the relevant economic sense. Its rate of penetration would certainly be expected to be influenced by steel pricing behavior.

Jacobs—This is a very interesting turn the conversation has taken. It emphasizes that whatever is the potentiality for entrance into the market, this is a far more important, if not the most important question, in the pricing; and that it isn't the question of what is the momentary wage increase which sets the price.

This whole issue of balances which rests on the assumption that a wage increase means a price increase falls of its own weight as soon as you realize that it is factors like the possibility of competition from outside the industry, as well as the possibility of competition within the industry which really sets the tone as far as prices are concerned.

Co-moderator Bayless—Senator Kefauver, do you think that productivity is being passed on in better prices to the buyer of goods? Or are you forced back to the conclusion that the administered pricing pattern seems to be completely different and unrelated to higher productivity and increasing volumes of output?

Kefauver—We find that about the same time that steel raises its price, the same degree of raise is made by aluminum and other things that can be substitutes. I'm not sure that there is any particular increased competition as between substitutions for steel.

Frucht—Both steel and its substitutes are affected, and from 1953-1957 have been particularly affected, by rising demand. Under perfect competition one would

Wages Raise Prices, or Are There Other Factors?

WEEK Roundtable Portray Their Intensity, Seriousness, and Sincerity



"I THINK THE FIGURES show that increases in prices in cars have been the result of four officials of General Motors." Samuel Jacobs, U.A.W., Washington.



"I DON'T THINK THAT WAGE PRESSURES are necessarily the culprit even in this case (car price increases)." Padraic Frucht, U.S. Chamber of Commerce economist.



"CERTAINLY WE HAVE GOT TO DECIDE whether or not we do have a realistic competitive economy and what we can do." Paul R. Dixon, counsel, Kefauver committee.

expect prices in aluminum, steel and other related materials to rise similarly. Rising levels of over-all effective demand and shift in demand toward such products are responsible for such increases in price. We have a situation in which prices in many different industries are moving more or less in step. This is what one would expect on the basis of competitive theory when massive cost and demand forces are moving in the same direction. There also seem to be many complex kinds of spillovers, on both the demand and cost sides. They are influenced by the behavior of organized labor; they are influenced by developments in unorganized labor markets; they are influenced by what is happening in other industries—in industries of less as well as high concentration.

There seems to be no reason in logic—even assuming the worst kind of monopolist—to believe that a profit maximum in business at this time would itself add inflationary measures. Even in such circumstances, the pricing behavior of such firms should tend to be more cautious than that of firms subject to much greater competition.

It is my belief that the government itself, more than any other agency, is primarily responsible for our inflationary trend such as it is. And I do not refer here just to deficit financing. A major factor is the role of growth-retarding activities which are pursued by government for other reasons than generating increased national income or maintaining price stability. Subsidy, protectionistic and other price maintaining, job maintaining programs have the double-barrelled effect of reducing economic growth and introducing inflationary biases into the economy.

Kefauver—We have reached a situation where despite elimination of classic excessive demand stimulus, we are still threatened with inflation and high costs. It's certainly not in the best interests of either business or labor, or anybody, to let this thing go on further. We are pricing ourselves out of the foreign market, and we are doing terrible damage to people on fixed incomes, and to cities and governments who want to issue bonds. The time has come for both sides to stop, look and listen.

Last year I urged that the President get the leaders of the steel industry and the steel workers together to see if they couldn't between them manage to hold the price line. I think that a wage increase no greater than a productivity increase is not inflationary. I think the leaders of labor ought to go slow in asking for any kind of increase that can be said to justify an increase in the price of steel and other basic commodities.

In the steel industry, for instance, I would like to see something like this: a wage increase up to the amount of the productivity increase, provided the price line is held.

If you don't stop inflation that way, it is going to the governmental controls—which none of us wants.

Goldfinger—As McGraw-Hill publications have aptly pointed out, in the past six months productivity not only in the steel industry, but the American economy as a whole, has been rising very sharply. We have not had any decline in the price level.

It is also quite obvious from profit reports that profit margins and total profits have been rising at an extraordinary rate. But we have not had any substantial reductions in prices and no reduction at all in the price level. There seems to me to be a sharp contradiction here between obvious realities of the past nine months and the stories we heard back in '56 and '57 from all kinds of people, including the President of the United States, that wage increases were in excess of productivity and this was an upward pressure on prices.

While unions do have some effects on wage rates and wage levels, they certainly do not determine prices. Prices are set by corporations.

Kefauver—I don't think you understood my proposal. If the price of steel is going to go up, the price of everything else is going up. There isn't any question but that the administered price industries: steel, fabricated steel, rubber, pulp and paper, and so forth are the inflationary items at the present time.

Roach—Where does the public as a whole benefit from productivity increases? Should labor take it all? Who benefits and in what proportion?

Jacobs—Speaking for the U.A.W., I think it has been clear in the press and from our bargaining policies that we have for many years insisted that we were interested in no wage increase beyond that which the existing level of prices in the industry could afford. Back in 1945, the U.A.W. said very definitely that we would reduce our wage demand even to the zero point if G.M. would demonstrate to the public that our wage demand really economically required a price increase.

When Mr. Reuther testified before the Senator's committee, he said there ought to be some kind of a governmental structure or agency to which a corporation would have to demonstrate the necessity for a price increase. If the corporation alleged that the wage increase was forcing a price increase, we, too, would be willing to appear to answer to the charge that our wage increases were inflationary.

I think it is widely recognized that productivity in the auto industry rises much more rapidly than the 2½% per year provided in its contracts. Our contracts leave room for the public to share in the benefits of this productivity increase through price reductions, or any other way the corporation might decide to distribute the benefits of this productivity.

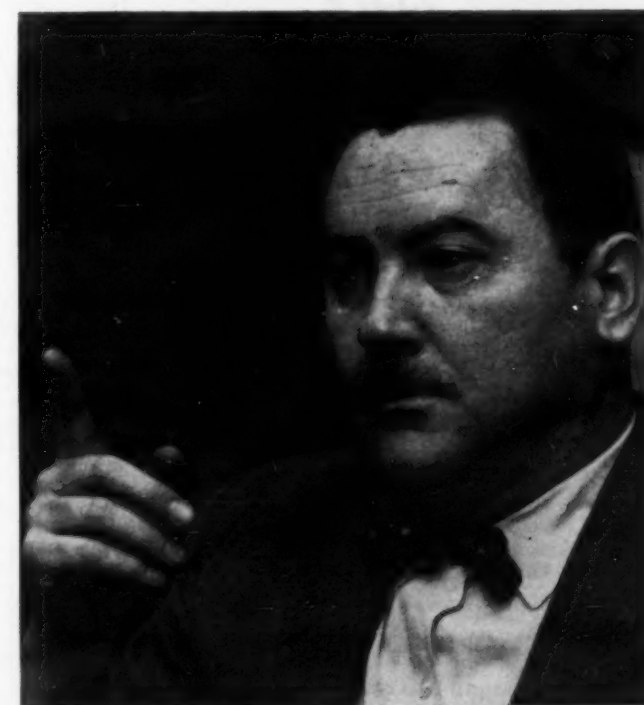
Frucht—The average annual compound rate of growth in the price level over the last 10 years has been less than the average for the last 60 years—1¾% vs. 2½%.

(Continued on page 20)

Co-Moderators Were Serious Too



JOHN M. ROACH, senior editor—news of PURCHASING WEEK, is aware labor is important to readers.



GLEN BAYLESS of McGraw-Hill's Washington news bureau is a veteran with years of experience in capital.

Panel Members Ask, Do Wages Or Do Other Factors Raise Prices?

(Continued from page 19)

There is no substantial, significant solid evidence that union wage pressures have been major causes for increasing prices. Similarly, there is no objective evidence or logic to suggest that administered prices have such effects. Wages may perhaps rise because of union pressure. They also rise because of demand pressures. If an industry experiences an increase in demand, if it is a substantial one, and if the employment situation in its labor markets is relatively tight for that industry to increase its output, it must hire more workers and will tend to raise wages in the process. Now if you don't have unions, you are still going to have wage increases. The fact that a union has presided over an increase

in wages seems to me to be essentially irrelevant unless you can demonstrate that the wage increase that comes about is the direct result of union activity and would not have happened in a free labor market.

Again, whether there is an increase in the demand for steel, or an increase in the demand for pots and pans, one would, on an a priori basis, expect the price to go up under even the most competitive of conditions and even if wages did not rise.

I submit that given the situation which we have had over the past 10 years or so, with strong economic growth, substantially full employment and a rather mild rise in the price level, it isn't at all obvious, regardless of one's ideology here, that we face any great inflation

peril. I think there's been a great deal of politicking on this issue, a great deal of partisan campaigning and name calling, not only on the part of labor and business but by political parties and many sorts of special interest groups.

The evidence on price level trends doesn't begin to justify the inflation hysteria which has been drummed up. And if the government would switch from its present growth and change retarding programs to ones which would attempt as strongly to aid the growth processes by helping to increase labor mobility, I suspect that the trend in prices would be downward.

Kefauver—In view of the situations that come to mind in the so-called administered price industries, particularly steel and automobiles in the last three years, ordinarily you'd think that when the demand for products is down the companies would lower their prices to try to get more business—or at least keep them stable. But we find in the case of steel (and in the case of automobiles, and other industries too) that in spite of the fact production went down, significantly, they maintained their high prices.

I can't agree that this is not a time when every force should be made toward reasonableness on the part of both managers in business and heads of labor unions in so far as any increases in wages and prices are concerned.

Goldfinger—I also think that the whole question of the entire period of post-war inflation has been quite distorted. There has been a good deal of over-emphasis on this point. In the United States, the record of price level behavior stands up quite well compared to the record of almost every other industrial country during the same period. If you compare this record with records of previous expansion in American history you will also not find the post-war record of the United States comparing too badly.

However, in more recent years we are up against a new kind of thing. We are not up against sharp price rises, but we are up against a kind of creeping rise in the price level.

While the administered price argument for key industries does not point to the only causal factor in this recent situation of creeping price increases, the pressures from these key industries on the price level are one factor that is an important one.

Inflation is a crucial issue involving changing institutions in the American economy. Somewhere along the line, sooner or later—and we hope sooner—the American people through the government will erect some kind of device to take care of this special problem of key industries and their price raising ability.

Dixon—Certainly we have got to decide whether or not we do have a realistic competitive economy and what we can do about it. An up-side-down competitive picture has developed. Prices have been going up at the same time demand has been going down. That certainly is not a classical kind of competition. We also find in steel, for instance, when you study the pricing pattern over a 20-year period, that prices move in lock



SENATOR KEFAUVER, right, consults during the roundtable with his chief economist, John M. Blair. Roundtable was in senator's office.

step fashion. They moved up whether demand was increasing or whether demand was falling. They moved up whether or not there was full employment or whether or not there was a lot of unemployment.

If steel industry managers got in a room, and discussed prices and agreed among themselves that they were going to raise prices \$6 a ton and identically price every product they manufacture, everybody would holler and say that that would violate our anti-trust law.

Now, apparently, it's no longer necessary to get in a room and talk about prices.

Our anti-trust laws have always been one thing we depended upon to give the people the fruits of competition. Today, the anti-trust agencies tell Senator Kefauver and his committee they can't do anything about this type of pricing because they've got to have hard core evidence of collusion or conspiracy. Well, we don't find it, but we find the results.

Frucht—I am as interested in competition as Senator Kefauver is. I hold no brief for

excessive market power whether it exists on one side of the bargaining table or the other. I do, however, challenge the proposition that there is a general lack of competition and that market power is a creator of inflationary conditions.

Classical theories suggest that prices will move up and down as pressure on labor markets changes. I believe the classical theory, as expressed in elementary textbooks at least, is dead wrong in its short-run implications for the world in which we live. I don't think that wages fell easily with unemployment even back in 1850. I can show you a statement in Malthus complaining that as unemployment grows wages somehow hold firm. Way back in the 18th century, the classical economist was well aware of this point.

So I don't think it is fair to say that there is something wrong with the system when prices do not go down easily because the demand has fallen. This is an old condition. The classical economists took a longer view.

Jacobs—What we're talking



Silwhite

PLASTIC PLUGS AND CAPS
FULL PROTECTION
EASY TO INSTALL
EASY TO REMOVE
NON-SHREDDING

S.S. WHITE Plastic Plugs and Caps give full, sure protection against damage in handling . . . storing . . . or shipping. Installation requires only seconds. Your customers will give you a vote of thanks for using these easy, instantly hand-removable non-shredding protectors.

QUALITY LINE Caps and Plugs (Acetate)—strong, tough, non-brittle, shock-resistant. Impervious to petroleum-based oils and greases.

THE ECONOMY LINE (Elastoplastic Vinylite) also gives these important protective advantages, but at lower cost. Immediate delivery from stock. Write for samples and literature. Ask for Bulletin P5708. Dept. PW

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For information on conditions, trends and markets in the chemical industry, see the men from OLIN MATHIESON

INDUSTRIAL CHEMICALS

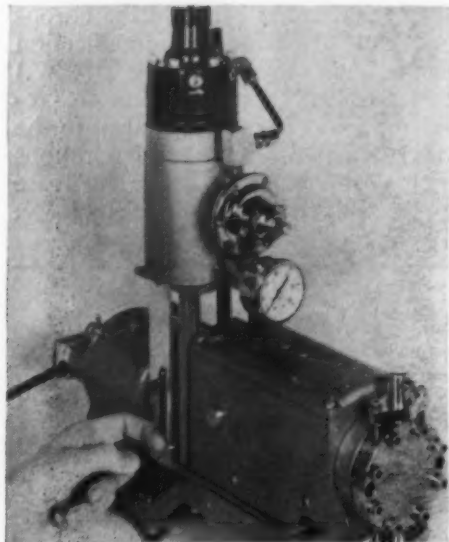
BLOCKSON PHOSPHATES

MATHIESON ORGANICS

6486 OLIN MATHIESON CHEMICAL CORPORATION CHEMICALS DIVISION BALTIMORE 3, MD.

Let me stress also that in supporting the O'Mahoney Bill which would bring in the corporations on the prenotification business, my union (the U.A.W.) specifically stressed that we regard the unions as also to be brought in if the corporations allege that the wage increase would require a price increase.

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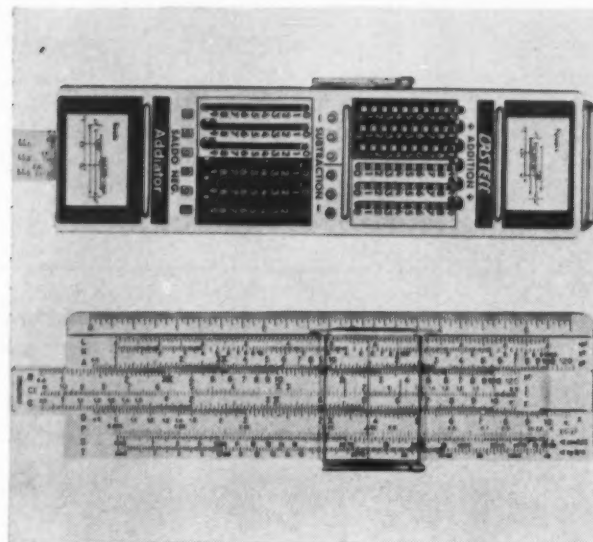
Metering Pump

Pressures to 2,000 Psig.

Auto-Pneumatic Micro-flo Pulsafeeder is an automatic metering pump. It adjusts pumping rate from zero to full capacity by signals from pneumatic instruments. Theoretical capacity ranges from 1,040 to 2,300 ml./hr. at 0 psig. Auto-Pneumatic is explosion proof and designed for heavy-duty continuous service. Pulsafeeder may be used with flow-orifice meters, flow-rotameters, liquid level instruments, pH control meters.

Price: about \$600 (complete). Delivery: about 2 wk.

Process Equipment Division, Lapp Insulator Co., Inc., 100 Hall St., LeRoy, N. Y. (P.W., 3/16/59)



Slide Rule

Does All Computations

Addiator-slide rule is a pocket-sized calculator. It combines 13-scale log-log slide on one side and precision adding machine on the other. "P" scale permits finding of any sine and cosine of an angle without determining the angle. Addiator adds and subtracts to 999,999 in sec.

Price: \$9.95. Delivery: immediate.

Harrison Home Products Corp., 565 Fifth Ave., N. Y. 17, N. Y. (P.W., 3/16/59)



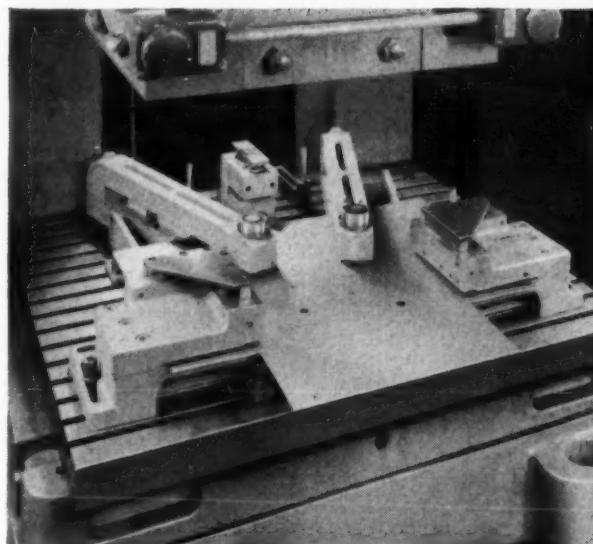
Printer Unit

Prints and Die-Cuts

Printmatic automatic label printer simultaneously prints, die-cuts, and dispenses pressure-sensitive labels from any liner mounted roll tape. Tape is processed at rate of 250 running inches, about 110 average size labels per minute. Labels are produced ready to use.

Price: \$395. Delivery: immediate.

W. H. Brady Co., 727 W. Glendale Ave., Milwaukee 9, Wis. (P.W., 3/16/59)



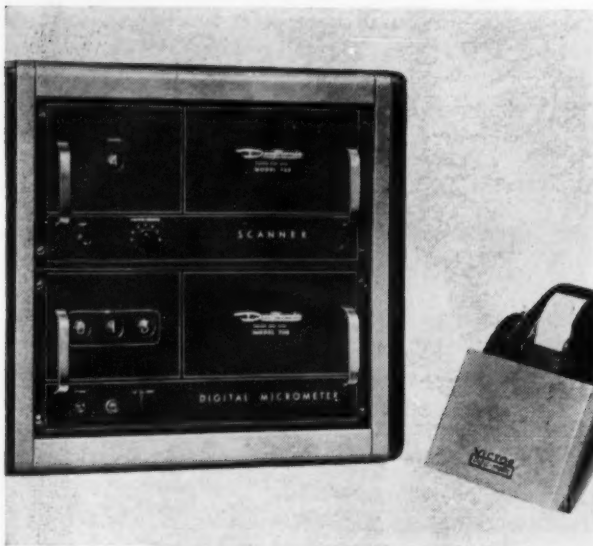
T-Slotted Plates

For Mounting Setups

T-slotted plates are used for mounting setups of independent punching and notching units. Plates are low-carbon rolled steel and finish ground top and bottom. Plates come in sizes 12, 18, 24, and 30 in. widths.

Price: \$495 (30x72 in. plate) fob. Akron, N. Y. Delivery: immediate.

Wales-Strippit, Inc., 231 South Buell Rd., Akron, N. Y. (P.W., 3/16/59)



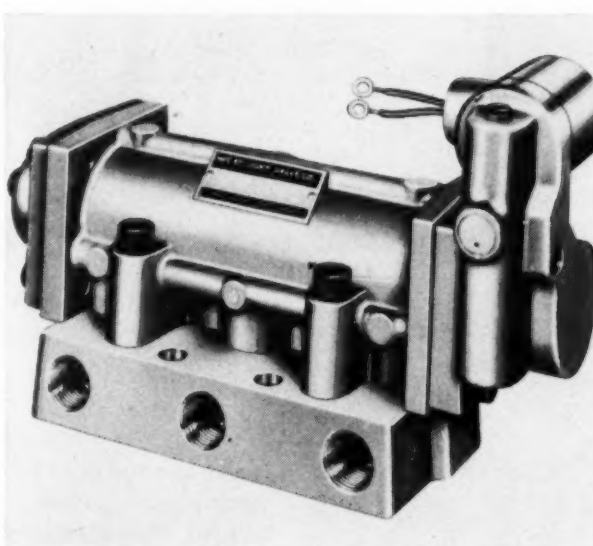
Digital Micrometer

Versatile Operation

Model 700 digital micrometer automatically scans and prints dimensional data with an accuracy to 0.0001 in. From one to 99 gaging points can be measured in rapid sequence with identification number and dimension of each point printed automatically on paper tape or stringed cards.

Price: from \$2,400. Delivery: immediate.

Daytronic Corp., Dayton 2, Ohio (P.W., 3/16/59)



Control Valves

Solenoid Type

Poppet Pilot "B type" single and double solenoid valves are available in ac. and dc. voltages. Valves have sub-plates either side or bottom tapped for 3/8 or 1/2 in. pipe connection. Flow is through the hollow radially ported, stainless steel plunger and out the connected piping.

Price: from \$52.50. Delivery: 1 to 2 wk.

Hunt Valve Co., Salem, Ohio (P.W., 3/16/59)



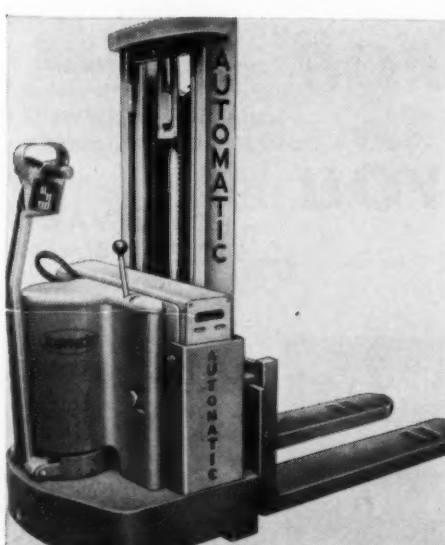
Furnace

Multi-Purpose Unit

Type 2100 Thermolyne furnace is adaptable for use as salt bath, melting, vertical muffle, and crucible furnace. Basic unit includes hexagonal furnace, stainless steel pot with cover and lifting handle, and thermocouple in protection tube. Various controls are offered.

Price: \$180. Delivery: immediate.

Thermo Electric Mfg. Co., 628 Huff St., Dubuque, Iowa (P.W., 3/16/59)



Lightweight Transporter

Handles Single or Double Deck Skids

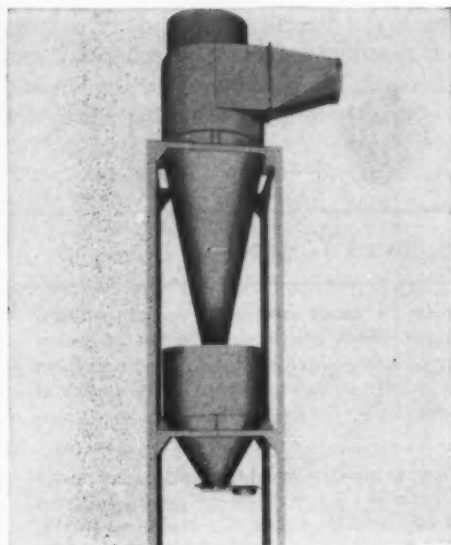
Model WOAT fork-over-arm stacker performs at maximum efficiency in narrow aisle operations and on floors unsafe for other types of trucks. It handles either double or single deck block-type pallets or skids. Model WOAT is built in a variety of fork lengths, widths, and with lifting heights to fit all requirements. Transporter stacker is available in 2,000, 4,000, and 6,000 lb. capacities.

Price: from \$2,535 to \$3,900 (depending on capacity and specification). Delivery: 10 to 12 wk.

Automatic Transportation Co., Division Yale & Towne Mfg. Co., 149 W. 87th St., Chicago 21, Ill. (P.W., 3/16/59)

New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.

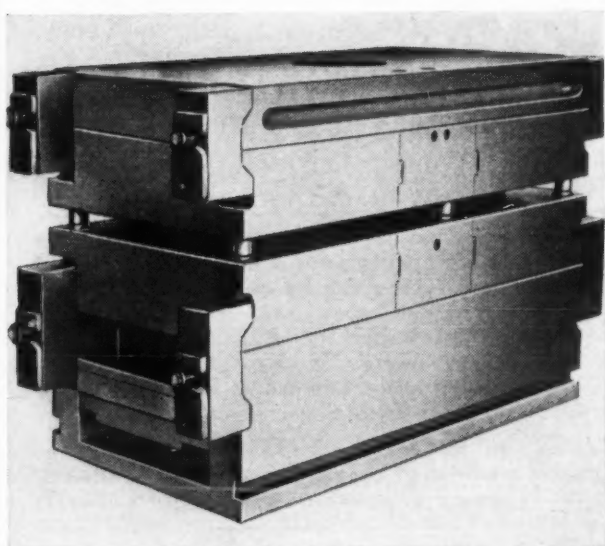


Cyclone Separator

Adjustable Capacity

Model 36 cyclone separator operates in the 4,000 to 6,000-plus cfm. range. Adjustable belt drive gives a wide range of cfm. performances against varying resistances. Blower is mounted on the clean air side of the collector or remotely to prevent fan damage from bulky dust, chips, wood blocks, tramp iron. These are deposited in collector base, before air reaches blower. If blower is located remotely, it can be used for blow-through or pull-through operations.

Price: \$1,164 (less motor & blower) fob. factory. Delivery: within 4 to 6 wk. Torit Mfg. Co., Walnut & Exchange Sts., St. Paul, Minn. (P.W., 3/16/59)



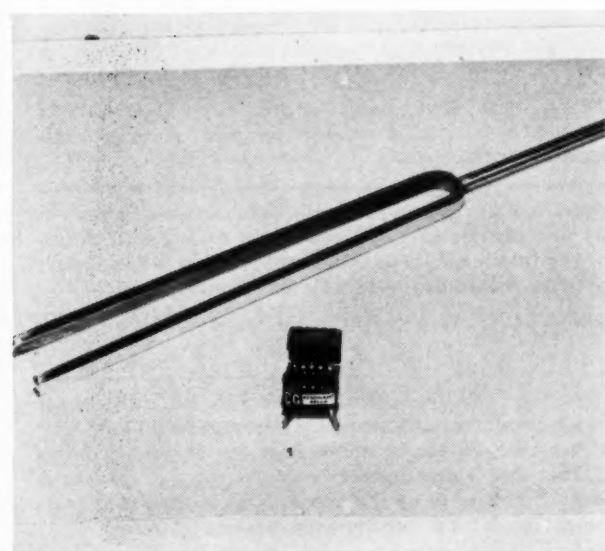
Unit Die

For Die Casting

Standard unit die assemblies are available for zinc and aluminum die casting. Cavities can be replaced in minutes. Unit includes a watercooled sprue bushing, sprue spreader, leader pins, and wedge clamps.

Price: \$2,000 (bumper type), \$3,000 (rack & pinion type). Delivery: immediate to 3 wk.

Detroit Mold Engrg. Co., 6686 E. McNichols Rd., Detroit 12, Mich. (P.W., 3/16/59)



Resonant Reed Relays

Remote Control

Model AR-5 frequency sensitive 5-channel, resonant reed relays are for remote control applications. Reed relays are single units which weigh 1/2 oz., and measure 3/4 in. high, 5/8 in. wide, and 1 3/8 in. long. Reed frequencies from 200 to 500 cy.

Price: under \$20. Delivery: immediate.

CG Electronics Corp., Subsidiary of Gulton Industries, Inc., 15000 Central East, Albuquerque, N. M. (P.W., 3/16/59)



Water Cooler

With Concealed Plumbing

Wall Line coolers permit installation flush against the wall. The plumbing lines are brought out of the back of the water cooler and connected to lines concealed in the wall. The installed cooler extends only 12 1/2 in. from the wall into the production aisle. Other features of the wall-line coolers include a straight-through drain with no bends to clog, a high back-splasher that protects wall against spotting, and dual drink control.

Price: \$255.50 (Model W7D), \$269.50 (Model W11D). Delivery: immediate.

Westinghouse Electric Corp., 653 Page Blvd., Springfield 2, Mass. (P.W., 3/16/59)

This Week's

Product Perspective

MARCH 16-22

Here's a sampling of the current crop of new materials:

- **Extruded, plasticized polyvinyl chloride film has approval of Pure Food and Drug Administration for food packaging.** Vitafilm F is pegged at 73¢ per lb. for 1-mil film. Yield is 21,500 sq. in. per lb. Film can be used in straight or overwrap applications. It can be laminated to paper, film, or foil for pouch-type packages. (Goodyear Tire & Rubber Co.)

- **Foamed metal—nickel, copper, cast iron—is nine times lighter than solid metal.** Applications for the time being are in jet engines. Conductivity of foamed copper is same as for solid metal. So possibility of new way to cool electrical conductors exists. Foamed metal is easily molded, can be machined on conventional tools. Previously, Bjorksten Laboratories developed a way to foam aluminum. (General Electric Co.)

- **New polyurethane retains high tensile strength at a high ultimate elongation.** Estane VC is expected to find major use as wire and cable jacketing. Other potential uses: fuel hose, small-bore tubing, belting, coated fabrics, liners, diaphragms, insulators. Available form is granular, can be converted into end products by milling, calendaring, extrusion, or molding. (B. F. Goodrich Chemical Co.)

- **Low-temperature silicone resin is being made available to electrical manufacturers and motor rewind shops.** XR-622 cures at 150C. in 8 to 16 hr. Other silicone varnishes need 250C. for curing over same period. Principal use: varnishing or coating electric coils, armatures, and stators in electric motors, generators, transformers intended for high-temperature or heavy-duty service. (Union Carbide Corp., Silicones Division)

- **Short-oil, non-drying alkyd resin makes possible a tough, weather-resistant automotive finish.** Besides toughness Aroplaz 2580-X-60 adds high hardness and flexibility to enamels and lacquers. It is designed specifically for baking enamels but also improves weatherability of nitrocellulose lacquers. (Archer-Daniels-Midland Co.)

- **Ultra-high frequency insulating material is made from irradiated high-density polyethylene.** Dielectric strength of Enrad II is almost twice that of conventional high-density poly. Irradiation turns conventional material (thermoplastic) into a thermoset which does not melt. Form stability is retained at over 300C. Material is molded first, then irradiated. Forms available include: powder, bars, rods, sheets. Applications include: tube sockets, connectors, wire insulation. Possibility exists for the material to be used as a copper-clad laminate for printed circuits. (Enflo Corp.)

- **Molybdenum-boride brazing compound, Mobraze, permits easy, sound joining of molybdenum.** Boride compound melts at 600C. below molybdenum; forms a strong bond. (Firth-Sterling, Inc., Borolite Corp. Division)

- **High-stiffness glass reinforced plastics match steel and aluminum in rigidity and elasticity.** Two types of materials are under development: 1. plastics reinforced with glass flakes, 2. plastics reinforced with a new glass fiber that has an elasticity nearly twice that of other glass fibers. (Wright Air Development Center)

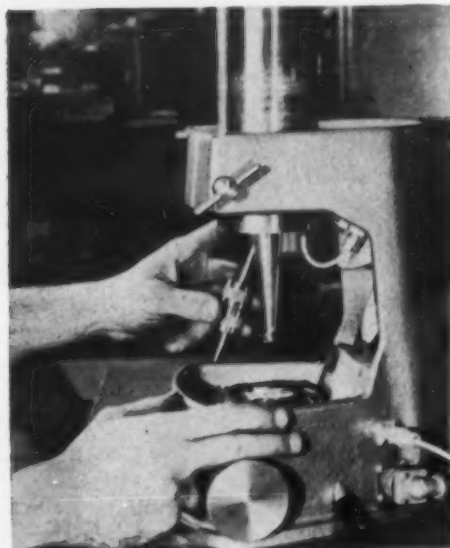
- **Pressed and sintered glass can be directly sealed to copper.** New glass has coefficient of expansion that closely matches that of copper. It is expected to find use in electronic parts. Material is made from tiny glass particles pressed to shape and then fired. Developer designates the glass Code 7295 copper sealing Multiform. (Corning Glass Works)

- **Fluorinated hydrocarbons may come from coal** if research by Britain's Coal Utilization Association pans out. Lab tests have reacted gaseous chlorine trifluoride with low-grade coal to produce heat stable and inert products. In these, and other characteristics, they resemble the fluorocarbons Teflon and Kel-F. Process has a single step at comparatively low pressure. It may be a low-cost route to a whole new family of synthetics that resist heat and chemical attack.

- **Precise cast epoxy parabolic mirrors can be made at a much lower cost than conventional ground glass mirrors.** Singer Military Products Division, Singer Mfg. Co., makes epoxy replicas of a ground glass original. Reflective surface is an aluminum coating. Largest mirror made so far is 10 in. dia.; larger, even unusual shapes, can be made. Other advantages: extreme shock resistance and lightweight.

Your Guide to New Products

(Continued from page 23)

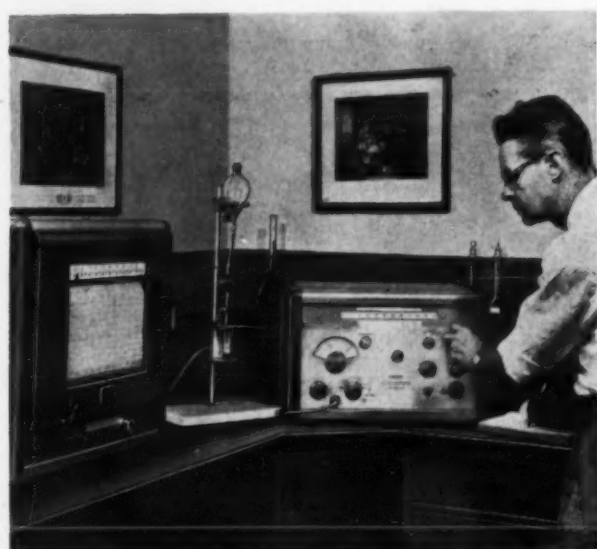


Ultrasonic Impact Drill

Automatic Tuning

Glennite ultrasonic impact-drill is a piezoelectric drill. Glennite 100-w. impact machine drills fast and large areas and frees the operator from constant re-adjustments. Versatile instrument slices, engraves, shapes, taps, broaches, discs, shaves, trepans, and machines. It is adaptable for the shaping of intricate parts to precision tolerances. Applications include ultrasonic machining of such materials as ceramics, glass, silicon, germanium, tungsten, granite, ferrite, etc.

Price: \$1,100. Delivery: immediate.
Vibro-Ceramics Division, Gulton Industries, Inc., Metuchen, N. J. (P.W., 3/16/59)



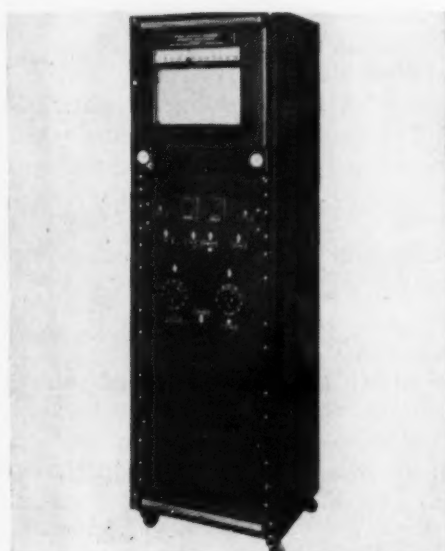
Metal Analyzer

Needs No Batteries

Model 65 Electdropode determines metals, qualitatively and quantitatively, in concentrations as small as 0.00001 equivalent per liter, and in a mixture of other metals. Potential range is -3 to +2 v., covered in four overlapping ranges.

Price: \$590. Delivery: immediate.

Fisher Scientific Co., 389 Fisher Bldg., Pittsburgh 19, Pa. (P.W., 3/16/59)



Process Analyzer

For Continuous Operation

Process analyzer is based on the detection of refractive index differences between a process stream and a desired sample. A special recorder, based on a repeater principle, operates without batteries and standard cell. Analyzer can be supplied with electric or pneumatic proportional controller. Various sensitivities are available combined with a special range extension feature, allowing suppression up to ten times the standard range without initial zero shift.

Price: \$4,660. Delivery: about 4 wk.

Phoenix Precision Instrument Co., 3803-05 N. Fifth St., Philadelphia 40, Pa. (P.W., 3/16/59)

Purchasing Week Definition

Alloying Agents' Effect on Copper

Aluminum—Better hardness, strength, and corrosion resistance of copper. Some aluminum-copper alloys (aluminum bronze), can be heat treated by precipitation hardening.

Beryllium—Can be heat treated. Excellent mechanical properties result. Most common use is in springs, other parts subject to fatigue. Alloy is called beryllium bronze.

Lead—Increases machinability. High percentage forms bearing alloy.

Manganese—With zinc it makes manganese bronze. Castings have high strength, ductility, and resist sea water, corrosives.

Nickel—Like manganese, it improves corrosion resistance. Also adds strength and hardness. In larger amounts alloy is Monel, other cupro-nickels.

Phosphorous—Lowers electrical conductivity, but adds strength and hardness. Improves high temperature properties.

Silicon—Makes silicon bronze. Improves mechanical properties and corrosion resistance.

Tin—Makes bronze. Progressive increase in strength and hardness. Tin percentage is not usually over 10. Alloy becomes too hard and brittle.

Zinc—Makes brass. Top percentage is usually 50. (P.W., 3/16/59)

Save Unnecessary Costs When Ordering Welded Steel Tubing

The two best ways purchasing agents can save unnecessary costs when ordering welded steel tubing are: don't over-specify, and be specific about order information including end use.

Members of the Formed Steel Tube Institute point out that their customers sometimes run up unnecessary costs if ordering is not handled with full knowledge of the product. Over-specification of unneeded quality, finish, or tolerances is one of the most prevalent errors. Lack of information to guide the mill is the second.

The table below details the information you need when you buy welded steel tubing.

How to Order Welded Steel Tubing

Analyses	Welded tubing is available in steel analyses ranging from low-carbon steels up to about 1040, all popular types of stainless steels, and in a variety of alloys including those of titanium and zirconium. Each grade is best suited to a particular use and is economical when used properly. Over-specification on analysis adds cost. ORDER INFORMATION: Give complete analysis or trade name of steel grade desired, or give A.I.S.I. or any other recognized reference designation. Give tensile strength, yield strength, character of service, and describe loading causing unusual stresses.
Sizes	Welded tubing is manufactured in a tremendous size range. Some welded tube producers offer capillary sizes (hypodermic needle stock) drawn from larger diameters. Sizes up to about 40 in. O.D. also are available. It's desirable to know the size range of your producing mill and if possible to order a standard size. ORDER INFORMATION: Specify diameter and gage (Birmingham Wire Gage); use any two of these three: O.D., I.D., gage. Indicate close tolerances.
Finish	Welded steel tubing has a good finish even in off-the-mill condition. Off-the-mill finish will do for many applications and can represent a saving. Tubing can be obtained cold drawn and, with stainless, in polished conditions ranging up to 300 grit. When these finer finishes are not essential, they should not be specified. If such a finish is desirable to the end use, it is less expensive as a mill operation than as a finishing process in your plant. ORDER INFORMATION: Hot or cold rolled pickle finish, or other special finishes, as required. If stainless steel, whether pickled, bright annealed, as drawn, or polished (to what grit number?)
Lengths	Random lengths are most economical. If your specs call for exact cut lengths, it might be less expensive to have the tube mill-cut rather than cut in your plant. Tubing is also available cut in average lengths, falling between minimum and maximum specifications, and in multiple lengths, for cutting into definite number of shorter pieces. Multiple lengths are lower in initial cost than exact cut lengths, but consider your costs in cutting to exact sizes. ORDER INFORMATION: Give exact lengths used, but specify whether the tubing is wanted in random lengths, average, multiple, or exact cut lengths.
Flash Control	All welded steel tubing is finished with outside weld flash removed. Inside flash is not generally removed from small diameter tubes, but is taken off larger diameter tubing when specified. Don't specify the removal of I.D. flash unless critical. ORDER INFORMATION: Specify if inside weld flash is to be removed.
Hydrostatic Testing	Welded steel tubing is hydrostatically tested by the mill on all pressure tubing. However, they will hydrostatically test any tubing upon request. Unless pressure is a factor, don't make the request. The mill runs destructive tests on non-pressure tubing to assure the quality of the weld. This is sufficient testing for structural and most mechanical tubing. ORDER INFORMATION: Give number, date, and name of agency issuing the specification, with exceptions to the specification name. Where possible use A.S.T.M. specs for pressure tubes.
Shapes	All tube manufacturers produce round tubing; many make square or rectangular shapes. A few mills make special shapes (oval, octagonal, tear drop). It's economical to order the simplest shape the design allows, because all tubing is generally produced round and formed into other shapes with a second operation. ORDER INFORMATION: Specify whether round, square, rectangular, oval, or any other special shape is required.
Corrosive Conditions:	More Ordering Information Give the corrodent, whether it will contact the O.D., the I.D., or both, as well as concentration, pressure, and temperature involved.
Fabrication:	Indicate what types of fabricating operations will be performed.
Machining Allowances:	Give required allowance for finishing, and whether it should be on the O.D., I.D., or length; give finished dimensions; tell manner of chucking, whether true to O.D. or I.D.; whether allowance is required for grinding, threading, or telescopic fit.

Profitable Reading for P.A.'s

Business Cycles

Business Cycles and Economic Growth. By James S. Duesenberry. Published by McGraw-Hill Book Co., Inc., 330 West 42nd Street, New York 36, N.Y. 341 pages. Price: \$6.50.

If you're one of many purchasing agents who have a basic economic background, or if you have completed one of the basic economic texts reviewed in this column previously, this excellent book may be what you should tackle next. In our American business society, business cycles are right next to profits as one of the more important industrial concepts.

An understanding of these ups and downs of capitalistic society can aid you in both your forward planning and your development as a member of the management team. As part of the McGraw-

Hill Economic Handbook Series, this study has been written for the non-technical, well-informed reader. It explains the causes, the effects, and the nature of business cycles with examples which draw heavily on the depression of the 1930's.

For the purchasing executive with a good knowledge of basic economics, this book gives the opportunity to be one step ahead.

"Quick Silver" process — A completely new office photocopy process that uses only a single sensitized sheet and can make either one copy or 100 economically at the rate of four per min.—is described in new folder. Equipment for applying the "Quick Silver" process is illustrated. Folder is available from **Peerless Photo Products, Inc., Shoreham, L. I., N. Y.**

Wide-range adjustable speed drives are described in 4-page bulletin. All installation and mounting dimensions are listed for both the adjustable diameter and companion sheaves. In addition, bulletin discusses auxiliary equipment for adjustable speed drives, adjustable motor bases, and wedge belts. Bulletin is available from the **American Pulley Co., 4200 Wissahickon Ave., Philadelphia 29, Pa.**

"Specifications and Characteristics of Organic Chemicals" is title of new brochure. Included for the first time are the Metholene Fatty Acid Esters, as well as other individual products that have been added during the past year. Other organic chemicals that are covered are Empol Dimer Acid, Plastolein Plasticizers, and many others. Brochure is available from **Emery Industries, Inc., Dept. 5, Carew Tower, Cincinnati 2, Ohio.**

High-speed synchronous generators for ships are described in 4-page Bulletin No. GEA-6813. It includes design features, construction ratings, available ex-

citation systems, enclosures, and bearing designs. Illustrations show manufacturing techniques. Bulletin is available from **General Electric Co., Schenectady 5, N.Y.**

Where Can I Buy?

Do You Know the Source?

These readers ask your help. If you have the answers, write our correspondents and send "Where Can I Buy" a carbon of your reply.

J. Moeller, Franklin Supply Co., 375 Park Ave., New York City, N. Y.—"Where can I buy the following: a ½-in., 900-lb. non-lubricated plug valve with flanged ends and a ring-type joint. Also a ½-in. 900-lb. swing-check valve with flanged ends and a ring-type joint."

T. A. Dykes, Jr., City of Al-

bany, Public Work Division, Ga.—"Where can I obtain information on filters that can be put on the top of a fertilizer plant that will filter the ammonia and other chemicals out rather than allowing them to spread over the surrounding areas."

The Record to Date

Readers' requests	150
Staff answered	128
Published in P.W.	22
Answered by readers	18
Unanswered	4

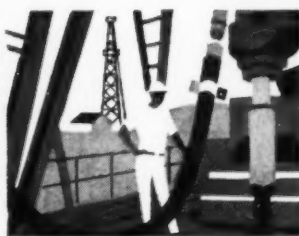
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Quaker

Quaker
Thermoid



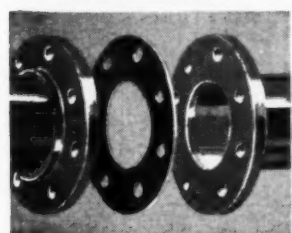
HYDRAULIC HOSE



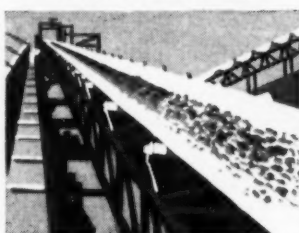
ROTARY DRILL HOSE



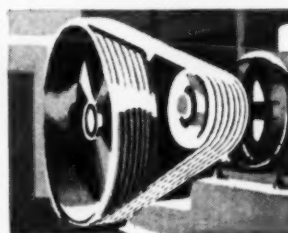
FIRE HOSE



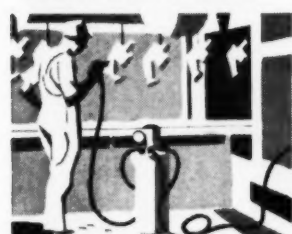
RUBBER SHEET PACKING



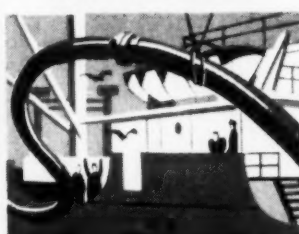
CONVEYOR BELTING



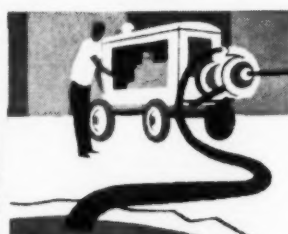
V-BELTS



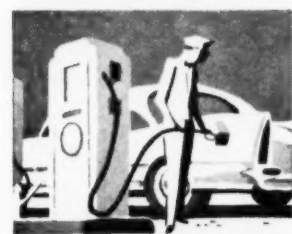
INDUSTRIAL HOSE



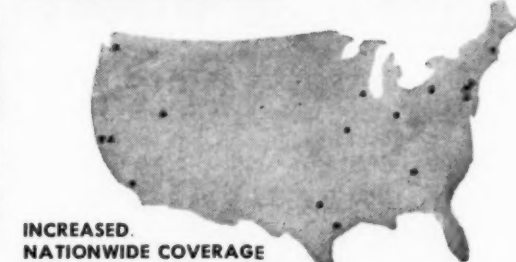
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CONTRACTORS' HOSE



GASOLINE HOSE



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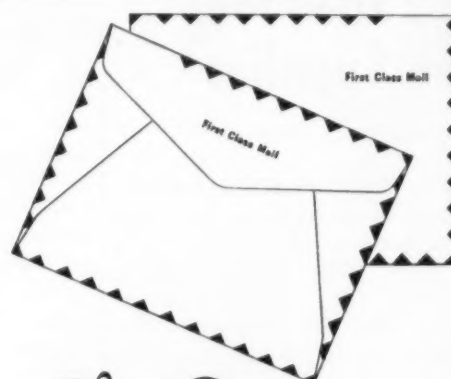
With the recent merger with Thermoid, Porter's ability to serve you with top-quality industrial rubber products is expanded manifold. Complementary "Thermoid" and "Quaker" lines now allow you to deal with a single source—your former Thermoid or Quaker distributor—for the entire range of products shown here. To you, this joining of Thermoid and Quaker means faster service, closer by, than ever before. *Thermoid Division, H. K. Porter Company, Inc., Tacony & Comly Sts., Philadelphia 24, Pa.*

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TWO MINUTES is all it takes for steel slab to travel from furnaces through 11 rolling mills to the coiler at Kaiser Steel Co.'s hot strip mill.

Steelmaking Facilities Expanding On West Coast; Better Supplies

San Francisco—Expansion of steelmaking facilities here places new modern supply sources on the doorstep of California and West Coast industries.

Kaiser Steel will double its ingot capacity with its new oxygen steelmaking facilities at Fontana, Calif. The installation is said to be the largest of its type in the world and first in the West.

Oxygen furnaces reduce the standard steel refining time from seven hours or more to 30 minutes. The Kaiser plant, which has three oxygen furnaces, has a rated annual capacity of 1,140,000 tons. It is the third oxygen facility in the United States.

The new equipment augments nine open hearth furnaces. Production from both shops will feed the plant's ten rolling mills. It also ends a 2½-year expansion program, costing \$214 million.

Other improvements include: a fourth blast furnace, hot strip mill, expansion of tin plate mill, new plate mill, universal slabbing mill, 90 coke ovens, ten soaking pits, and improvements at Kaiser's raw materials mines at Eagle Mountain, Sunnyside, Utah, and Raton, N. M.

U. S. Steel's Columbia-Geneva division will construct an addition to its galvanized sheet producing facilities at Pittsburg, Calif., to meet rapidly increasing consumption in the West.

Hose Plant Expanded
Marion, Ohio—B. F. Goodrich Industrial Products Co. will expand its hose plant here to consolidate manufacturing facilities. Completion is set for late 1959.

High-Purity Ethylene Plant Being Erected

New York—Socony Mobil Co. will erect what it terms the world's largest high-purity ethylene plant.

The facilities will be built at Beaumont, Texas, approximately 30 miles from Firestone Tire & Rubber Co.'s proposed synthetic rubber plant at Orange, Texas, which will require butadiene.

Magnolia Petroleum Co., Mobil's Southwestern United States firm, will build and operate the plant which will be constructed in stages with the first unit costing \$25 million.

The plant, scheduled to begin operation in early 1961, will have a capacity of 380 million lb. of high-purity ethylene a year.

Ball Brothers to Build Glass Container Plant

Asheville, N. C.—Ball Brothers Co., Inc. of Muncie, Ind., has picked Asheville as the site for its new multi-million dollar glass container plant. The facility, when completed late this year, will supply Southeastern food, beverage, chemical, and pharmaceutical industries.

The decision to build here was made after Ball Brothers' market research staff reported that there will be continuing growth and development in Southeastern United States and that Asheville has natural industrial advantages including good transportation and utilities.

3 Divisions Consolidated By American Standard

New York—American Standard has consolidated three divisions to form an industrial unit. The divisions are American Blower, Kewanee Boiler, and Ross Heat Exchanger.

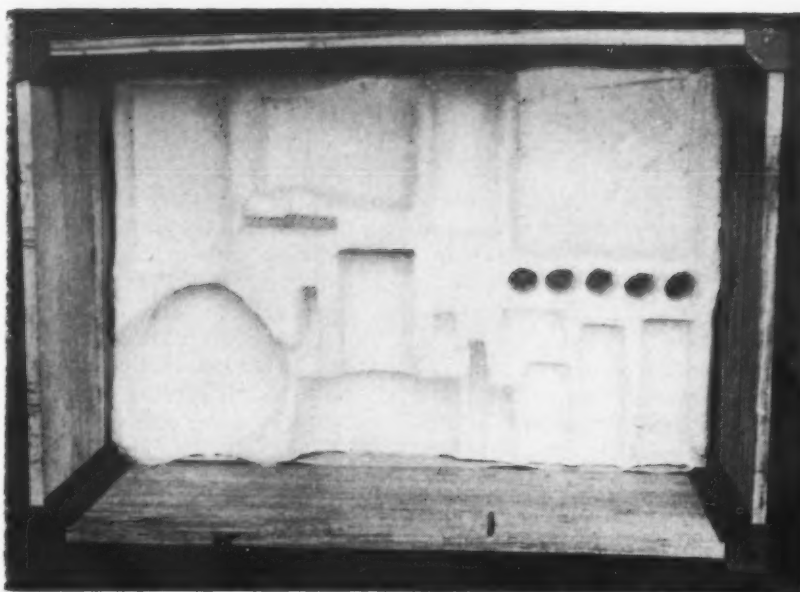
The new division will continue to produce and market the same products of the three divisions. Products include air handling, air conditioning equipment, commercial and industrial boilers, fluid drives, heat exchangers, and surface condensers.

Monsanto Building Plant For Mersize Production

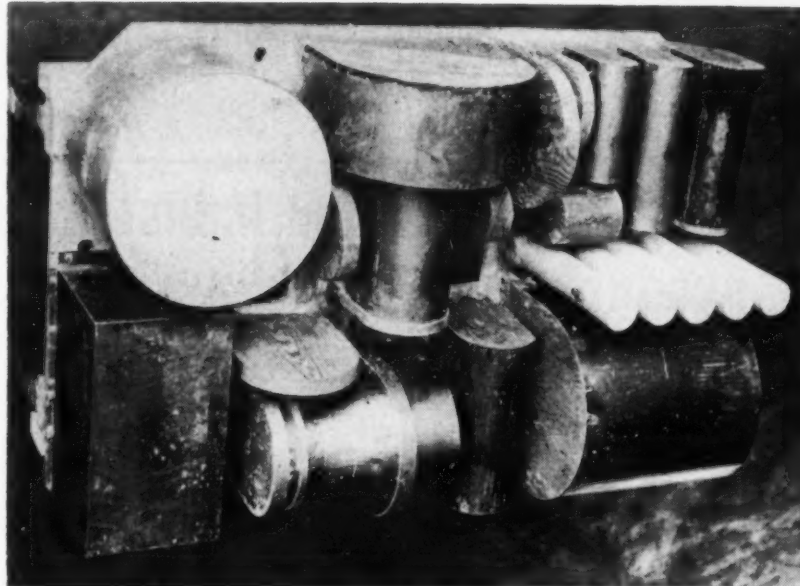
Nitro, W. Va.—Monsanto Chemical Co. will erect a plant here to produce Mersize, a chemically fortified pale rosin size used to waterproof paper and paperboard. The new facilities will be integrated with Monsanto and Emery Industries, Inc.'s fractionating plant for crude tall oil opened here last summer.

This unit will be the northernmost integrated rosin and size production facilities in the United States. It will cut shipping time to western Pennsylvania, New York, and midwestern mills by three to four days.

Castor oil will lubricate axles of London buses. The plan will save the British capital \$336,000 annually, according to *Fleet Owner*, McGraw-Hill magazine. Castor oil's higher initial cost will be offset by a 2 to 3% reduction of fuel usage due to decreased friction.



Foam Mold (above) Made from Dummy (below)

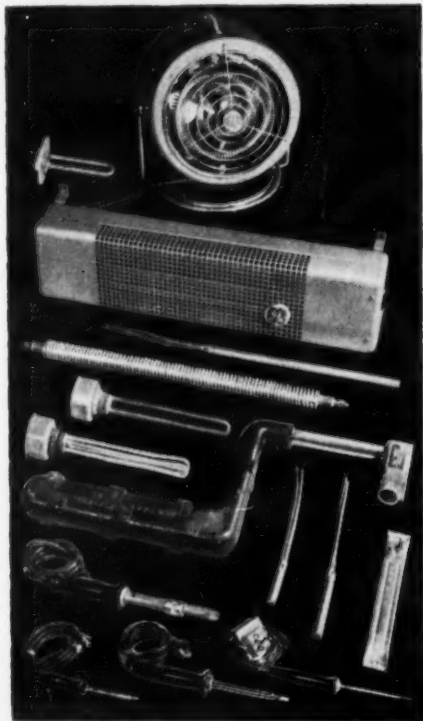


Urethane Foam-Lined Containers Guard Parts

Dayton, Ohio—Purchasing men looking for inexpensive protective shipping containers may be interested in Dayton Rubber Co.'s use of urethane foam. The foam, top picture, is used in the interior of a combination shipping container, parts assembly jig, and checking fixture for solid fuel rocket engines.

Dayton Rubber devised this container to protect parts on shipment and to act as a check before shipping. Container has a cavity for each part.

A wooden dummy, bottom picture, is mounted on a board and covered with a thin coating of parting agent. A pallet is slipped over it. Urethane foam is poured in through a hole. When the foam sets, it reproduces exactly each detail of the wooden dummy mold which can be reused.



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Briefs from P.A.'s Suppliers

Newington, Conn.—Fenn Mfg. Co., makers of rolling mills and related metal forming machines for the atomic industry, has added a nuclear products division. Manufacturing nuclear reactor components on a sub-contract basis, the new division will supply prime contractors.

Cartersville, Ga.—Visking Co., Union Carbide Corp. division, will operate a polyethylene film plant under construction here. The plant, scheduled for completion in July, also will produce cellulose and plastic food casings.

Phoenixville, Pa.—Phoenix Iron & Steel Co. has changed its name to Phoenix Steel Corp. to describe more accurately the firm's operation. The word iron which was dropped from the title, dates back to 1873. Phoenix now uses iron only as a raw material.

Kalamazoo, Mich.—Roto-Finish Co., Kalamazoo, has entered the metal treating machinery line with its purchase of Ranshoff, Inc., Hamilton, Ohio. Roto-Finish which makes barrel finishing machinery, plans no changes in Ranshoff personnel or operations.

Boston—Saco-Lowell Shops, metal manufacturer, has extended its diversification into the electronics field with the purchase of Servo Dynamics Corp., Somersworth, N. H., makers of Servo motors, tach generators, and amplifiers.

Long Island City, N. Y.—Polyethylene film, sheet, and tubing production will be quadrupled at Extrudo-Film Corp., when its second plant at Potts-

ville, Pa., is completed. The new installation also will house expanded research and technical service.

New York—To give a clearer picture of the Textile Division's activities, Celanese Corp. of America has changed the name of its textile unit to the Fibers Division.

Pittsburgh—H. K. Porter Company, Inc., has added a moulding division with the pur-

chase of Herron-Zimmers Moulding Co. Herron-Zimmers becomes a Porter division with plants at Detroit, Mich., and Frankfort, Ky.

New York—Hercules Powder Co. and Stauffer Chemical Co. have formed a new firm to produce trialkyls and other aluminum alkyls. Capacity of the plant, for which site studies now are underway, will be more than 1 million lb. a year.

Erie, Pa.—Holgate Brothers Co., wood-working and toy manufacturer, has purchased NOSCO Plastics, Inc., custom molder for industry.

South Acton, Mass.—Utilizing a new high vacuum system of induction heating, Sigourney Mfg. Corp., has started investment casting production. Sigourney can make castings in steel, cobalt, nickel, or nonferrous metals under controllable and exactly measurable vacuum melting and pouring conditions.

Niagara Falls, N. Y.—Stauffer Chemical Co.'s caustic soda production will be upped 25% when \$2 million of modernization and expansion work is completed on its plant here later this year.

Chicago—Sturdi-Bilt Steel Products, Inc., has changed its

name to Sturdilite Products, Inc., since discontinuing its heavy steel material handling line and adding to its wood products division.

Detroit—Rinshed-Mason Co. has purchased controlling interest in Wolverine Finishes Corp., Grand Rapids, Mich. Rinshed-Mason will add Wolverine's five plants to its present 5-plant system.

Marshall, Texas—Marshall Brick Co. managed to keep up its production last week here after a fire. Robert Geddie, plant manager, reported that full production will be reached shortly.

Special Introductory Offer

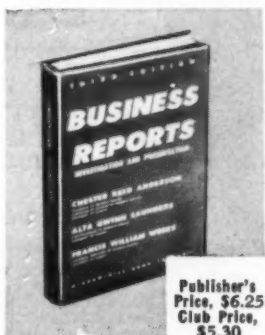
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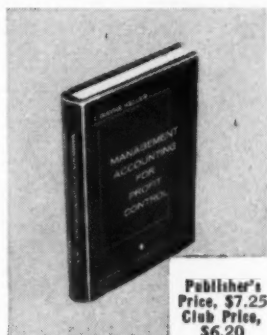
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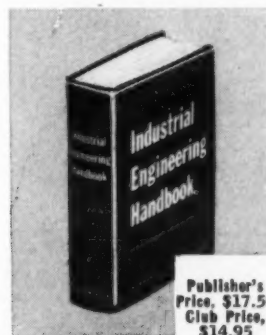
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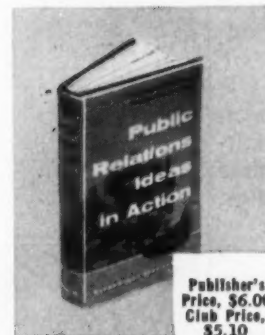
Business Reports: Investigation and Presentation, by Anderson, Saunders, and Weeks. Helps you report facts and ideas with speed and finesse.



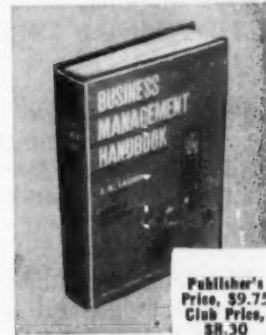
Management Accounting for Profit Control, by I. W. Keller. Shows how to use cost accounting for profitable management decisions.



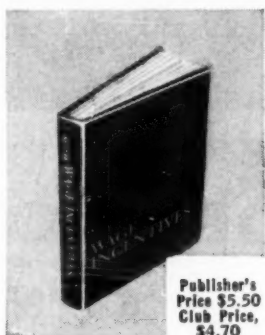
Industrial Engineering Handbook, by H. B. Maynard. How to gain top-most efficiency in men, machines and methods in your plant.



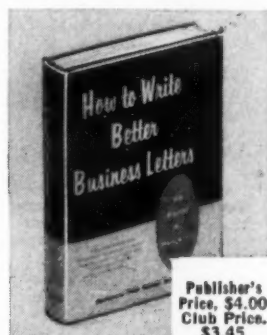
Public Relations Ideas in Action, by A. H. Center. A treasury of public relations techniques to help you get action.



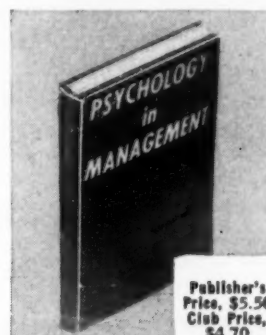
Business Management Handbook, by J. K. Lasser. 90 experts join to show you profit-making procedures for every aspect of business.



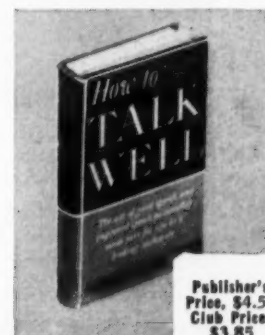
Better Wage Incentives, by Phil Carroll. Shows how to get people all down the line to give all they can of their true capacity.



How to Write Better Business Letters, by E. A. Buckley. Find out if you are making or missing the extra profits that good letters produce.



Psychology in Management, by M. Haire. Psychological principles to help managers get better results from people they supervise.



How to Talk Well, by J. F. Bender. Clear, forceful, correct speech can be yours for only a few minutes a day spent with this book.



Copy Capsules, by H. Stebbins. A dynamic word master hands you 1,060 copy ideas to spark up your writing with fresh power.

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In the World of Sales

James L. McKenna has been appointed assistant sales manager by **Celluplastic Corp.**, Newark, N. J.

Kenneth S. Hargie has been named sales manager of **Humphrey Products Division, General Gas Light Co.**, Kalamazoo, Mich.

Avard W. Taylor has been promoted to general sales manager, **Mill Product Division, Carpenter Steel Co.**, Reading, Pa.

Joseph A. Ackerman has been made sales manager by the **Elwell-Parker Electric Co.**, Cleveland.

J. Harry Reed has moved up to vice president-sales for the **Youngstown Foundry & Machine Co.**, Youngstown, Ohio.

Richard Braman has been assigned the new post of sales manager, direct sales by **Channel Master Corp.**, Ellenville, N. Y.

Alex Zakarian has been appointed national sales manager of **Filon Plastics Corp.**, El Segundo, Calif.

Ford R. Morrow has been named manager, industrial construction product sales, **Kaiser Aluminum & Chemical Sales, Inc.**, Chicago.

Walter M. Deckman has been advanced to general sales manager of the **Industrial Products Division, Keasbey & Mattison Co.**, Ambler, Pa.

Sam Horowitz has joined **Interstate Vending Co.**, Chicago, as national sales manager. He had been sales manager for **David O. Selznick Productions**.

Henry S. Warren has been appointed general sales manager by **Sutorbilt Corp.**, Compton, Calif.

PURCHASING WEEK

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March 16, 1959

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AviSun Corp. To Make Polypropylene Resins

Philadelphia—American Viscose Corp. and Sun Oil Co. have formed an equally-owned affiliate, **AviSun Corp.**, to produce polypropylene resins.

AviSun Corp. aims to be the nation's second and largest commercial supplier of polypropylene by mid-summer. **Hercules Powder Co.** of Wilmington, Del., has produced polypropylene, (Pro-fax), since December 1957.

The company will manufacture, process, and sell resins, film, fibers, elastomers, surface coatings, and adhesives using

olefin polymers or copolymers with other substances.

Sun Oil scientists developed the manufacturing process for polypropylene resins and American Viscose researchers came up with the polypropylene film and fiber method.

Polypropylene is expected to be the biggest used plastic because it is more heat resistant and stiffer than high-density polyethylene. It is the lightest plastic discovered, yet possesses exceptional toughness and strength.

Swedlow Changes Name

Los Angeles—Diversification in products and services has

prompted **Swedlow Plastics Co.** to change its corporate name to **Swedlow Inc.**

American Enka Buys Plastic Wire Company

Willimantic, Conn.—American Enka Corp. has completed its second diversification step with the purchase of **William Brand & Co. Brand** produces plastic insulated wire and cable for radio, television, missile, aircraft, and electronic industries.

Last year American Enka bought **Rex Corp.**, another manufacturer of wire cable and insulating material.



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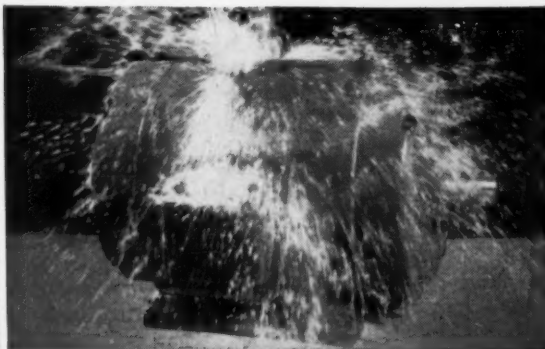
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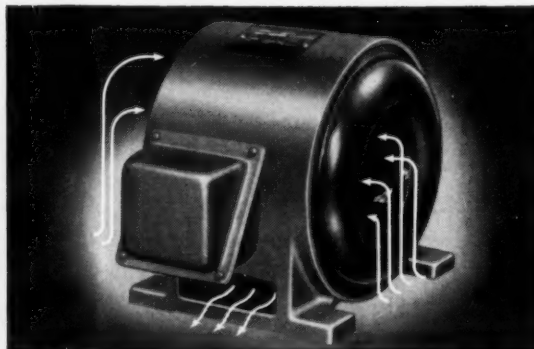
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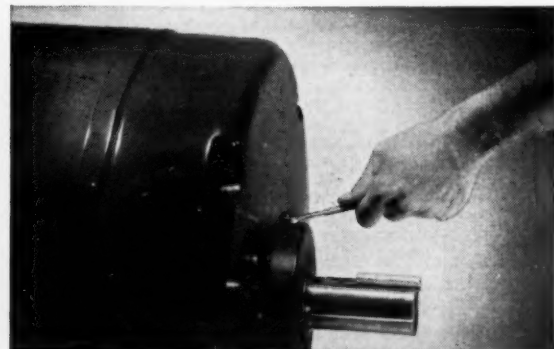
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Purchasing Perspective

MARCH 16-22

(Continued from page 1)

come May or June you may see an industrial index of nearly 150 (it was 143 in January and at an all-time record of 146 in early 1947).

Purchasing executives soon will be getting two widely quoted sets of figures which outline the probable course of U. S. business plans for capital expenditures during the year.

The first, due this month, is the joint estimate of the U. S. Department of Commerce and the Securities and Exchange Commission. The second, scheduled for release in April, is the annual McGraw-Hill Spring Survey of Business' plans for new plants and equipment.

Both surveys cover much the same ground, but their estimates will vary somewhat because the investment concepts involved are slightly different.

The McGraw-Hill compilation excludes all farmer investment outlays (\$3.9 billion), outlays by non-profit groups and professional people, and all construction and equipment outlays charged to current account except those in the oil industry (\$2.8 billion total for the three items). The over-all 1958 total after those exclusions came to \$32 billion.

The Commerce-S.E.C. figure (\$30 billion) differs from the McGraw-Hill tabulation in one respect—it excludes the petroleum industry (\$1.7 billion in 1958) along with other current account expenditures. Otherwise identical, the McGraw-Hill and government concepts both include all expenditures for new plant and equipment installed by business firms and charged to capital account.

Trends: Increasing popularity of standard-size six-cylinder models and apparent unanimous decision of Ford, G.M., and Chrysler to enter the "small car" field this year could pose a stickler for P.A.'s with fleet purchases on their schedule. Ultimate resale value is not the only factor to be considered in any decision to drop from the eight-cylinder to the standard "6" or "compact" level. Use conditions, maintenance, employee morale also figure . . . **Pennsylvania Railroad has decided to lease freight cars in its equipment improvement program.** Deal calls for renting 2,000 cars from ACF Industries on monthly basis . . . **Procurement officials in Pentagon are increasingly sensitive to congressional criticism of negotiating contracts rather than awarding through advertised bidding.** That's why they now talk about "competitive negotiations"—a fancy title for the regular procedure of calling in a number of qualified contractors, talking it over, then picking the most attractive offer.

Congress to Start Inflation Probe; Causes, Cures Sought by Committee

(Continued from page 1)

dent's economic message to Congress.

Douglas said the committee will take a "sober, analytical look" at the present condition of the economy, its problems, and prospects ahead in the 1960's. It has packed the first set of hearings, scheduled to open March 20, with some of the biggest economic names in the country.

In its report last week the committee's Democratic majority unanimously called for more spending, easier credit, and a stepped-up attack on unemployment. Douglas and his Democratic colleagues accuse the Eisenhower Administration of being too much concerned about a balanced budget and being too nervous about spiraling prices.

A major clash of U. S. credit policy was sharpened by last week's half-point rise in Federal Reserve direct bank discount rates. The credit-tightening move immediately drew complaints from congressional Democrats.

The report's political feuding showed on practically every page.

The chief accusation centers around higher prices and Eisenhower's efforts to balance the budget. It foresees that the 1959 outlook is for stable prices, but a rate of growth that will leave substantial unemployment and

unused industrial capacity at the end of the year. Thus the Democrats argue that what is needed is greater emphasis on growth, less on fears of inflation.

Republican members of the committee, in a minority report, countered in support of the Administration view that sound economic growth requires emphasis on price stability and anti-inflation moves, and consequently a need for a balanced budget.

The Democrats contended Congress should go ahead and appropriate whatever is necessary, both for defense and civilian projects, without worrying about inflationary consequences.

On monetary policy, the majority report warned that a continuation of "the present degree of restraint" may curtail business expansion. The Democrats indicated fear for housing later in the year, state and local government projects, and small business.

"It cannot be emphasized too strongly," the majority contended, "that with substantial idle capacity and unemployment remaining in the economy, expansion of the supply of money and credit, if properly managed, need not carry the threat of renewed inflation."

That is where the Federal Reserve Board disagreed last week in its discount rate increases,

U.S. Government Setting Procurement Skeds

Important to P.A.'s
In Industry And
Local Government

(Continued from page 1)

proximately 18 months ago by top procurement officers in government, including the General Services Administration, the huge central buying agency for the federal government.

The study was a huge task. Some 75 different schedules covering about 60,000 commonly used commercial items were gone over item by item.

The schedules are really catalogues covering products ranging from paper clips to communications equipment to machine tools and small machinery.

Examining Rule 13

The study also is looking into G.S.A.'s controversial Regulation 13, which has the effect of setting price floors under thousands of the same items bought by non-federal P.A.'s Regulation 13 states that any supplier selling any of the items to the central government under a supply schedule cannot lower its price to other "comparable" buyers without giving a comparable reduction to the government. This has acted to discourage manufacturers and suppliers from lowering tags to other buyers.

This regulation is under re-

view and some modifications will be forthcoming. Lower prices negotiated by non-federal P.A.'s on a few items not covered by Regulation 13, such as drugs, have been incorporated into the schedules.

The study is the first intergovernmental overhaul of the supply schedule program which was set up in 1910. Individual schedules were revamped periodically by various agencies, but this is the first time it was done on a government-wide basis.

Prices in the schedules are negotiated by G.S.A. with thousands of manufacturers and suppliers and these apply nation-

wide, thus relieving regional P.A.'s from having to search out suppliers and negotiate for each purchase.

The review already has revamped seven schedules; they will be issued in the next few months. These cover drugs, clothing and furnishings, communications equipment, books and publications; ammunition (mainly small arms) and explosives, office machines, and tires and tubes. Other supply schedules nearing completion are for machine tools and small machines, motor vehicle parts, scientific and laboratory equipment, food, gas and petroleum.

Kefauver Resumes Inflation Attack, Warning Labor and Management

(Continued from page 1)

yet ready to vote for such controls, voiced his views at a hearing of his Senate Anti-Trust Subcommittee. He also brought up the subject of government controls at a PURCHASING WEEK roundtable discussion of wages and prices (see p. 1).

"Unless they (steel companies and steel union) do something about it themselves, Congress is going to feel that public welfare demand some regulation," Kefauver said in airing his views on steel.

Attack Pricing Policies

The pricing policies of steel, autos, and other heavy industries came under heavy attack at the Kefauver Committee hearings—including some criticism via the Federal Reserve Board.

Ralph Young, director of research for the F.R.B., declared that last year's steel and auto prices "didn't make economic sense." He also accused the steel industry of stimulating a recent rush of steel buying.

The industry "has whipped up demand by waving a scare flag saying, 'boys, there will be a strike in three or four months,'" Young testified.

Similar views that industries were damaging the general econ-

omy with regular price raises were expressed elsewhere last week by another Federal Reserve Board official and Raymond J. Saulnier, chairman of the President's Council of Economic Advisors.

Young was making the general point that current demand is not sustainable. Steel increases over the years, he said, have lowered demand and have led to the use of substitutes such as reinforced concrete in place of structural steel, and the use of aluminum in automobile motors.

An appeal for government intervention to restrain price and wage rises in key industries was made before the Kefauver Subcommittee by John Kenneth Galbraith, Harvard economist and a leading spokesman for the Democratic party's economic advisory committee.

Avoided Rigid Fixing

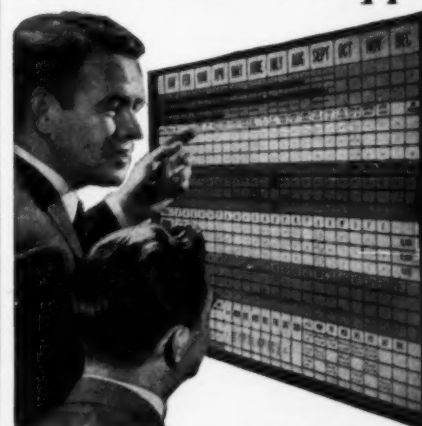
Galbraith carefully avoided recommending rigid price or wage fixing in steel. But he said the only way to avoid inflationary price and wage policies is to give the government power to determine each year what "wage advances can be afforded within a framework of stable prices." Only a few industries would be involved, he added.

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Northern P.A.'s Go to Aid of Florida Governor

(Continued from page 1)
in as outside advisors: John R. Dyer of Maine, president of the National Association of State Purchasing Officials; C. L. Magnuson of Connecticut; J. Stanley Bien of Michigan; Frank P. Free of Vermont, and William Stevenson of Minnesota.

One of the major omissions in the Florida purchasing act is the eliminating of printing from the bill. This has become one of the Governor's prime targets.

The state buys about \$2.5 million worth of printing a year and some of the practices involved have mushroomed into a good sized "scandal."

Washington—State purchasing officials have joined forces with the federal government to eliminate identical bid practices. The problem is particularly prevalent among suppliers in such industries as cement, calcium chloride, rock salt, etc.

At an executive committee meeting of the National Association of State Purchasing Officials last week, it was decided that state P.A.'s would work closely with the U. S. Justice Department to compile any information that could lead to an eventual solution of the governmental buying headache.

John Dyer of Maine, N.A.S.P.O. president, announced that this year's annual meeting will be held in Las Vegas, Nev. Although no specific date was decided, he said it will definitely be in November.

Other important business at the executive session included reports from various subcommittees. Most important of these were:

• **Committee on Competition in Governmental Purchasing:** C. L. Magnuson, State P.A. for Connecticut and committee chairman, reported that General Serv-

ices Administration has modified the controversial Clause 13 to exclude state and local governments (P.W., 11/17/58, p. 1).

• **Committee on Automobile Pricing:** J. Stanley Bien, State P.A. for Michigan and committee chairman, said the results of a recent survey disclosed that 16 states were still "in the used car business."

He said his committee is working toward the reinstatement of factory discounts to governmental buying agencies that were discontinued last June. Bien said

he was slightly pessimistic about the committee's success until "the states start just buying transportation and stop selling it."

• **Committee on In-State Preference:** Franklin Pierce of Tennessee reported on a recent survey made to uncover how many states held to in-state preference statutes or policies. The survey disclosed that at least seven states and one possession have in-state preference ranging percentage-wise from 2 to 70%. Thirty-three states and one possession said they have none.

Washington Watching Crude Oil Pricing After Imposing Import Bans

(Continued from page 1)
last week scored a major victory in their long battle against imported oil when the President slapped the mandatory controls on imports, claim the new program should serve to stabilize U. S. oil prices. The producers do not rule out, however, the possibility of an eventual increase, but believe they can defend adequately the necessity of a price rise if one does come.

The oil pricing structure is complicated by the position of major oil companies, most of which are large importers of oil—now curtailed—but which also operate domestically. In the oil-producing areas of the U. S., the posted price of crude oil is set by the purchasing company—not the producer who sells the crude. Many of the buyers are large, integrated companies which also import oil.

The new mandatory plan places restrictions on imports of finished products, including residual fuel oil for burner use, for the first time. These products

were not included in the voluntary program which preceded the compulsory controls. But residual fuel oil imports are not expected to be curtailed seriously from present levels. They are expected to continue at about 400,000 bbl. daily.

Finished products to be restricted for the first time include asphalt, gasoline, liquefied gases, jet fuel, naphtha, fuel oil, and lubricating oil.

Meanwhile, oil jobbers are taking sharp exception to the new mandatory controls. The jobbers, or independent marketers, anticipate a domestic price increase and argue they will be caught in the middle of consumer reaction. The consumer complains of price increases to the marketer, who, the jobbers claim, has no recourse but to accept the supplier price.

But the National Oil Jobbers Council has indicated the marketers will make felt their opposition to controlled imports by joining in efforts to reduce the controversial tax allowance oil producers get for depletion.

Polyisoprene Goes Into Production, Next Into U.S. Rubber Truck Tires

(Continued from page 1)
of isoprene rubber. By the end of this year some 15 to 20,000 tons annually should come from Shell's facilities. But only some 2,000 tons will go to U.S. Rubber. Shell is developing outlets for the rest.

Chief virtue of the synthetic is its uniform quality and high purity. Looking ahead, its price also has promise. Shell's price is 30¢ per lb. f.o.b. Torrance, Calif. Natural in New York prices at a little under 31¢. Isoprene tires cost a little more but are still competitive with natural rubber.

In the long run, though, the synthetic price will be pegged to the price of isoprene—a petroleum derivative. Producers indicate that as the demand for isoprene goes up, the price should come down. Furthermore, competitive isoprene rubber will act as a stabilizer for natural rubber. The latter's price has had a history of ups and downs.

All of the major rubber producers have had natural-like synthetics for some time. But U.S. Rubber appears to be the first to offer a commercial product in quantity.

Firestone Tire & Rubber Co. is building a 30,000-ton plant for its Coral synthetic to be ready in 1961. Meanwhile it is producing on a pilot-plant basis. Firestone isn't talking about its isoprene source. But if it follows its past pattern of making synthetic rubbers starting with the basic petroleum derivative it may also produce its own isoprene in an integrated plant.

Goodyear Tire & Rubber Co. with its Natsyn, and B. F. Goodrich Co. with Amerpol SN, have pilot-plant operations. From both, isoprene rubber has gone into product development. Plans for large-scale production are still hazy.

Beyond truck tires, U. S. Rubber expects to develop more markets for isoprene rubber. It's looking to tires for earth-moving equipment and aircraft. And it expects a big market in white-

wall auto tires. Other products made from the synthetic may be footwear, conveyor belts, and surgical gloves.

Rubber Pact May Await Steel Talks

(Continued from page 1)
improvements in employee benefits, including such items as pensions, insurance, supplemental unemployment compensation, and working conditions.

The crucial question of wages probably will not be settled for several months. Following, the opening sessions with Goodyear Tire & Rubber, Firestone, U. S. Rubber, and B. F. Goodrich will skip the wage issue for the more than 90,000 production employees involved. The union hopes to make this a separate issue for deliberation in the late spring or early summer in hopes that the steel industry will have set a pattern by then.

As of last week, the union's goals for bettering its benefit programs and what it will ask in the way of a pay raise went unpublished outside the immediate circle of negotiators. It is believed certain, however, that the union's sights are set far above last year's (8¢ an hr.) boost.

As for trouble ahead, there has been little indication one way or the other. An uneasy feeling prevails in certain areas that this could be the year when the companies would fight harder to hold the cost line. Major settlements in recent years have come without strikes.

Preparing for Trouble

But rubber producers and their major customers appear to be preparing for any eventuality. Auto manufacturers are building up tire inventories although an off-season buildup is standard practice to prepare for the big selling months in the spring.

With an ever expanding network of warehouses scattered across the nation, the producers are better prepared for difficulties.

January consumption of rubber soared to the highest tonnage for any month in history. Since something like 2/3 of all rubber goes into tires, what is happening is obvious. First quarter rubber consumption also appears to be on the road to a new record.

Speculation tabs Goodyear, which reported record earnings for 1958, as the union's No. 1 target this year. The theory is based on assumption that if the largest company grants concessions, the others will fall in line. This strategy is not new. In past years, the union has concentrated one one of the Big Four.

U. S. Rubber began the round of negotiations March 3. Its collective bargaining agreement expires April 9. Firestone, Goodyear, and Goodrich, whose pacts terminate April 15, began their sessions with the U.R.W. last week.

As of now, however, the April 9 and 15 contract deadlines are not expected to produce any crises—just as long as the wage demand showdown has been held in abeyance.

Price Changes for Purchasing Agents

Palm Oil—A boost of 1/2¢ puts palm oil price at 14¢ a lb.

Silver—Handy & Harman has raised foreign silver in N. Y. by 1/4¢. New quote of 91 3/8¢ a lb. is the highest since May 1957.

Rhodinol—Spot price reductions in certain quarters put rhodinol at \$25 to \$28 a lb. The reduction amounts to \$3 a lb.

Copper Sulfate—Republic Chemical Co. has boosted copper sulfate by 25¢ a cwt. Powdered material is now \$12.90 a cwt. in carload lots, f.o.b. plant, while bagged material is now quoted from \$13.40 to \$16.40 a cwt.

Textiles—Cone Mills, Inc., has upped cotton flanellettes 1/2¢ a yd. due to higher operating costs. New base prices are 23¢ a yd. for 36-in. 4.75 material, to cutters. Wholesaler makeup is 1/2¢ a yd.

Lead Oxide—A 1/2¢ a lb. boost has been made in prices of lead oxide. Dry red lead now is 13 3/4¢ a lb. for carlots, while orange mineral and litharge are 16.1¢ and 13 1/4¢ a lb., respectively.

Copper—Producers have raised the price of copper by

1 1/2¢ making the price 31 1/2¢ a lb. Tightened supplies and heavy demand are behind the increase.

Platinum—Prices have been hiked \$10 an oz. Wholesale amounts now go for \$77 an oz., retail for \$80 an oz. Higher European demand is reported to be behind the rise.

Palladium—This platinum-type metal, which is used as an alloy and in electronic applications, has been raised \$2 per oz. The new price is \$20 per oz.

Rayon Yarn—Several firms are boosting tags on rayon filament yarn. The rise 3¢ a lb.—puts 150 denier, 40 filament yarn at 79¢ a lb. Some items and packages of these fibers now carry a slightly greater increase in price, such as short skeins in all deniers (up 8¢ a lb.).

Celenese Corp. has upped rayon acetate 1¢ a lb. The 2, 12, and 17 denier regular crimp Type HC and D fibres now are 37¢ a lb. Acetate tow in these grades now is 38¢ a lb.

Capric Acid—Both capric and caprylic acid in drums are up 2¢ a lb. New quote for both acids is 33 1/2¢ a lb.

Sandalwood Oil—Can prices of sandalwood oil are down 25¢ a lb. to \$13.25 a lb.

Penataerythritols—Price increases of from 2 to 2 1/2¢ a lb. have been made by Heyden Newport Chemical Corp. in penataerythritols as of April 1. Truckload quantities of dipentaerythritol and tripentaerythritol are up 2¢ a lb. to 40¢ a lb. Mono-pentaerythritols will be 31¢ a lb. in truckloads and 32¢ a lb. in less truckloads. Drums are 1/2¢ a lb. higher.

Alkarb—American Potash Chemical Corp. has boosted alkarb prices \$7.50 a ton, effective April 1. New quote or more in hopper bottom cars. Price is f.o.b. San Antonio, Texas. The 6% boost is caused by increased costs.

Copper chemicals—Upped prices of copper have caused a firming in a host of copper chemicals. Dried copper crystals are up 1/2¢ to 38 3/4¢ a lb. Copper carbonate is now 0.3485¢ a lb., a boost of .085¢. Copper hydrate is up 1¢ to 51 3/4¢ a lb.

Rubber—Increased volume and production efficiencies have

enabled the Dow Corning Corp. to lower prices of fluorocarbon silicone rubber by from 11 to 18%. Trade name for the product is Silastic LS-53.

Furniture—Higher wages have caused United Furniture Corp. to up prices by 3%. Other producers are expected to follow.

Gasoline—Sun Oil Co. has announced an increase of 1¢ a gal. in the fair trade minimum retail price of all six blends of Blue Sunoco gasoline throughout New Jersey. The new minimum retail prices range from 26.9¢ a gal. for Blue Sunoco 200, to 32¢ for Blue Sunoco 260. The new tankwagon price of Blue Sunoco 200 is 14.2¢ a gal. The price is exclusive of state and federal taxes.

Benzaldehyde—Heyden Newport Chemical Corp. has raised benzaldehyde prices 4¢ a lb. New quotes are 47¢ a lb. in carlot and truckload lots and 48¢ a lb. in less carlots.

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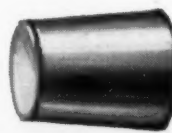
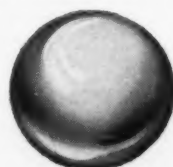
Take just ball bearings, for example. He can offer you both single- and double-row deep groove ball bearings, angular contact, self-aligning and filling-slot types in thousands of sizes with any combination of shields, seals and snap rings.

The same goes for roller bearings—spheri-

cal, cylindrical and tapered—and for ball and roller thrust bearings, too. It's the most complete line available from any manufacturer.

And because he's backed by SKF's six high production plants, the SKF man can offer you fast delivery of the bearings in his line. How fast? Ask him for the details today.

5902



Spherical, Cylindrical, Ball, and *Tyson* Tapered Roller Bearings

EVERY TYPE—EVERY USE

SKF®

SKF INDUSTRIES, INC., PHILADELPHIA 32, PA.